

# Purchasing Week

McGraw-Hill's National Newspaper of Purchasing

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Vol. 2 No. 5

New York, N. Y., February 2, 1959

\$6 A YEAR U. S. AND CANADA \$25 A YEAR FOREIGN

## Most P.A.'s Expect Prices to Inch Upwards

### 'Buy American' Act Arouses Foreign Firms

Washington—The federal government is having a series of international incidents involving its purchasing policy under the "Buy American" law.

Most of the trouble involves heavy electrical equipment. But office machinery and road building materials also have entered the picture in the activities of various government agencies.

The Buy American Act gives domestic suppliers an advantage over foreign competition in bidding on government business. U.S. manufacturers sometimes react strongly when they lose out to foreign firms, but the current tempest involves a decision by Civilian Defense Mobilizer Leo A. Hoegh to award a \$1.7

(Continued on page 21)

### Makers of Bearings Upped Prices by 5%; Labor Costs Blamed

New York—Major bearing manufacturers upped prices about 5% over the weekend. They put the entire blame for the across-the-board boost on spiraling labor costs.

Conspicuously absent from the parade of firms initiating the Feb. 1 price jump, was the new departure division of General Motors in Bristol, Conn., recognized ball bearing leader.

(Continued on page 4)



CHEMICAL BUYERS CONFERENCE at Chicago was directed by A. T. Ericson, American Cyanamide's Lederle Laboratories. Others, left to right, are N. C. Stiles, Chemstrand; R. M. Hoover, Monsanto Chemical; and George Buerman, Ferro Corp. For conference story see page 22.

### Probers to Look at Transportation; Railroads Out to Get More Powers

Transportation costs and procedures figure high in purchasing decisions, requiring close cooperation with traffic experts. Thus what the future holds for regulations covering rates and policies commands significant interest. Read why federal lawmakers are eyeing transportation so intently in this article in P.W.'s background series on Washington investigations.

The Editor

Washington—The transportation industry is about to come under the most intensive public scrutiny since the nation's basic transportation policy was set 40 years ago.

Both President Eisenhower and Congress are cranking up major investigations into transportation. The inquiries will cover carrier operations, new problems and possible new techniques, the role of the federal government in the transport area and what, if any legislation,

(Continued on page 7)

### Most Industries Hit By Icy Floodwaters Back in Business

Pittsburgh — Most industrial operations hit by icy floodwaters in Pennsylvania, Ohio, New York, and other eastern states made a fast recovery last week. Steel mills and a few mines took the brunt of the multi-million dollar industrial damage toll caused by high water in one of the winter's worst storms.

Hardest hit were plants in the Pittsburgh-Youngstown area and along the Allegheny and other Ohio river tributaries at Sharon and Meadville, Pa. Shutdowns ranged from a few hours to up to

(Continued on page 22)

### Dow Chemical Launches New Marketing Plan For Color Polystyrene

Midland, Mich. — Departing from traditional practices, Dow Chemical Co. has launched a new marketing plan for colored polystyrene which offers price advantages for purchases from high unit volume production.

The plan, referred to as "volume inventory production" (V.I.P.), already has received "excellent" customer response, a Dow spokesman told P.W.

Effective immediately, customers may order colored styron (Dow polystyrene) for a 1½¢ per lb. differential over the base

(Continued on page 4)

### P.W. Survey Shows Only 25% of Buyers Believe Prices Will Stay Firm in Next 6 Months; None See Drop; 63% Report Small Hedge Buying

New York—Purchasing men are only partially optimistic about holding the price line over the next six months. A majority think prices will be inching up throughout the period.

That's the major finding in a new PURCHASING WEEK survey aimed at finding out how purchasing executives view the current price situation.

Taken over the past few weeks—and covering a wide cross-section of the nation's purchasing men—the survey revealed these other key findings:

- Not one of the many hundreds of P.A.'s interviewed expect prices to drop.

- Only slightly more than 25% of them think that stability can be maintained over the next six months.

- Close to 75% are now paying higher prices than they were a year ago. Less than 7% said they were paying less.

- A majority (over 60%) of those interviewed expect little or no change in discounting and other "unofficial" price shadings.

- About 63% admit to some small amount of hedge buying to beat price hikes. An additional 7% say that hedge buying plays a considerable role in their purchases.

- High labor costs, followed by rising material costs, are thought to be the two most common causes of inflation.

The PURCHASING WEEK questionnaire, in addition to getting data on overall price trends, also examined the behavior of two major categories of prices: 1. raw materials 2. semi-finished and

(Continued on page 21)

### Customers Opposing More Price Increases; Suppliers Resisting Cuts When Demand Falls

Washington—Industrial prices are showing an increasing rigidity. Suppliers exhibit a growing resistance to cut prices when demand falls off.

Such are the findings of a new price trend study just published by the Congressional Joint Economic Committee. The politically potent economic report shows an administered price structure more deeply entrenched than ever before in the U.S. economy.

Over the years, the analysis states, producers of steel and metal products, machinery, chem-

icals, and manufactured products are displaying less responsiveness to market changes. A few items (notably among raw materials and food products) indicated a reverse trend toward increasing flexibility, but the shift generally in those categories moved toward fewer price changes.

The findings are certain to arm Democratic Congressmen with new ammunition to throw into the numerous anti-inflation investigations now getting under-

(Continued on page 21)

### Defense Purchasing Policies Under Attack; Group Democrats Blast Negotiated Contracts

Washington—A stinging attack on the purchasing policies of the Defense Department highlighted the start of hearings into the economic report of the President. Democrats also argued that President Eisenhower worried too much about inflation and not enough about basic economic growth.

The hearings were held last

week by the Joint Economic Committee of Congress. The committee chairman, Sen. Paul Douglas (D.-Ill.), opened with a table-pounding criticism of Defense Department reliance on negotiated contracts instead of open bidding.

About 95% of the buying of arms and other military supplies

(Continued on page 21)

### Price Fixing Gets Set Back in Great Britain

London—British manufacturers may find price fixing agreements, long a common factor of the British economy, harder to defend in the future.

Britain's restrictive practices court handed down its first judgment on a price-fixing agreement last week, ruling that a Spinner

Association agreement on minimum prices for cotton yarn was "not in the public interest."

The court, which began hearing cases last October, is bound by statute to condemn any price-fixing agreements unless the defendant can prove the agreement

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This Week's

## Purchasing Perspective

FEB. 2-8

Democrats and labor leaders are lowering the boom on the Administration's inflation theories. They say emphasis should be more on promoting economic growth, less on worrying about spending and wage costs.

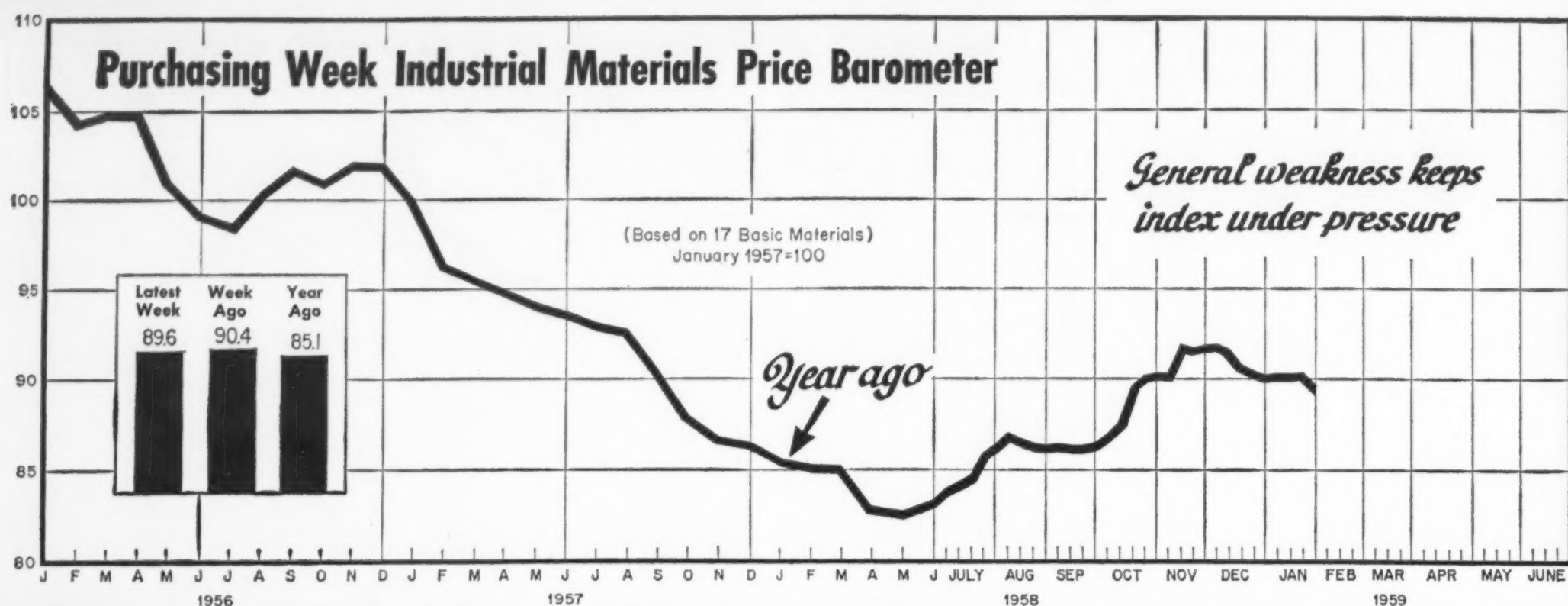
You can be sure no labor leader will admit he plans to take Mr. Eisenhower's advice on wage demand temperance with him to the bargaining table. Walter Reuther, speaking as chairman of the A.F.L.-C.I.O. Economic Policy Committee, says labor is all for fighting inflation, but the best way to do it is "achieve a dynamic and expanding economy with full employment."

According to Reuther, the economy's record of price increases since World War II is, on the whole, "remarkably good". He says union-won wage increases have had only an "infinitesimal" effect.

Despite all the tough talk, there's still plenty of room and time for a peaceful meeting of minds over the bargaining table. Much depends on the relative emphasis unions like McDonald's steelworkers place on specific dollars-and-cents wage boosts

(Continued on page 22)





**This index was designed by the McGraw-Hill Department of Economics to serve as an overall sensitive barometer of movements in industrial raw**

material prices. The index is not intended to give price movements of specific commodities. The items used are important only in that, together, they re-

flect the current general market trend in sensitive industrials. Weekly prices for most of the items covered are published in "Commodity Prices" below.

### -This Week's

## Price Perspective

FEBRUARY 2-8

**There's usually more than one side to any story.**

Whether it be prices, inventory, or any other purchasing area, it's necessary to hear all the evidence before reaching final conclusions.

It's particularly important in the price field because most of the current data comes either from the government or from supplier sources.

Very little price information comes from the buyer.

At first blush this may seem surprising when you realize that for every selling price there's a buying price. But the reason is simple: It's easiest and cheapest to compile quotations from supplier sources.

**But that's hardly any excuse for ignoring the buyer viewpoint.**

If you're the guy who has to pay a higher price, you're bound to look upon it differently than, say, the supplier who is doing the boosting.

**This need to get the entire price picture is what motivated PURCHASING WEEK to conduct its own survey among the nation's buying executives.**

Results are shown on page 1. They are, to be sure, a bit more pessimistic on the subject of inflation than other sources.

For example, generally speaking more P.A.'s than other business people and economists expect price hikes in the next six months. More are convinced labor costs are behind rising prices.

Frankly, we expected these differences. **It again demonstrates that people can differ about what ostensibly seems like an irrefutable fact.**

This difference of opinion is good. Only by getting all shades of opinion, and weighing them carefully, can you reach the accurate conclusions needed for developing a forward looking purchasing policy.

**One important result of this new survey will be more surveys.**

If nothing else, our study emphasizes the need and value of getting continuing price data from purchasing as well as from other sources.

Current plans call for conducting such price surveys several times each year—asking basically the same type of questions.

**Such periodic queries can serve several important purposes:**

- They will present up-to-date reports on how P.A.'s view the price and supply situations at any given time.
- Comparisons with previous surveys will provide significant clues and hints on how P.A.'s see trends and price forces developing.
- They will supplement and round out the price picture as reported by other major price sources.

**The point about turning up new clues can't be emphasized enough.**

In the current survey, for example, there are several implications in the fact that a majority of P.A.'s (70% to be exact) say that they use hedging to beat price hikes.

For one, it reveals that many purchasing executives regard this technique as an integral part of the buying function.

In many ways, 1959 will be tailor-made for this type of operation. Many wage-inspired price boosts will be telegraphed in advance—taking much of the gamble out of hedging operations.

It means hedging could play a considerable role in 1959 purchasing. Certainly this is already becoming evident in some steel items.

It's important to be aware of this growing trend. Knowing what your fellow purchasing executives are thinking and doing now, can avoid a lot of headaches later on when temporary supply shortages may crop up.

## This Week's Commodity Prices

	Jan. 28	Jan. 21	Year Ago	% Yrly Change
<b>METALS</b>				
Pig iron, Bessemer, Pitts., gross ton	67.00	67.00	67.00	0
Pig iron, basic, valley, gross ton	66.00	66.00	66.00	0
Steel, billets, Pitts., net ton	80.00	80.00	77.50	+ 3.2
Steel, structural shapes, Pitts., cwt	5.50	5.50	5.275	+ 4.3
Steel, structural shapes, Los Angeles, cwt	6.20	6.20	5.975	+ 3.8
Steel, bars, del., Phila., cwt	5.975	5.975	5.725	+ 4.4
Steel, bars, Pitts., cwt	5.675	5.675	5.425	+ 4.6
Steel, plates, Chicago, cwt	5.30	5.30	5.10	+ 3.9
Steel scrap, #1 heavy, del. Pitts., gross ton	43.00	43.00	32.50	+32.3
Steel scrap, #1 heavy, del. Cleve., gross ton	41.00	39.00	27.50	+49.1
Steel scrap, #1 heavy, del. Chicago, gross ton	44.00	43.00	32.50	+35.5
Aluminum, pig, lb	.247	.247	.26	- 5.0
Secondary aluminum, #380 lb	.220	.218	.211	+ 4.3
Copper, electrolytic, wire bars, refinery, lb	.287	.286	.245	+17.1
Copper scrap, #2, smelters price, lb	.243	.233	.183	+32.8
Lead, common, N.Y., lb	.12	.12	.13	- 7.7
Nickel, electrolytic, producers, lb	.74	.74	.74	0
Nickel, electrolytic, dealers, lb	.74	.74	.70	+ 5.7
Tin, Straits, N.Y., lb	1.001	.998	.935	+ 7.1
Zinc, Prime West, East St. Louis, lb	.115	.115	.10	+15.0
<b>FUELS</b>				
Fuel oil #6 or Bunker C, Gulf, bbl	2.00	2.00	2.35	-14.9
Fuel oil #6 or Bunker C, N.Y. barge, bbl	2.37	2.37	2.75	-13.8
Heavy fuel, PS 400, Los Angeles, rack, bbl	2.15	2.15	2.70	-20.4
LP-Gas, Propane, Okla. tank cars, gal	.055	.055	.05	+10.0
Gasoline, 91 oct. reg. Chicago, tank car, gal	.115	.115	.123	- 6.5
Gasoline, 84 oct. reg. Los Angeles, rack, gal	.115	.115	.12	- 4.2
Coal, bituminous, slack, ton	5.75	5.75	6.05	- 5.0
Coke, Connellsville, furnace, ton	15.25	15.25	15.25	0
<b>CHEMICALS</b>				
Ammonia, anhydros, refrigeration, tanks, ton	90.50	90.50	90.50	0
Benzene, petroleum, tanks, Houston, gal	.31	.31	.36	-14.0
Caustic soda, 76% solid, drums, carlots, cwt	4.80	4.80	4.30	+11.6
Coconut, oil, inedible, crude, tanks, N.Y. lb	.205	.203	.146	+40.4
Glycerine, synthetic, tanks, lb	.278	.278	.278	0
Linseed oil, raw, in drums, carlots, lb	.16	.16	.187	-14.4
Phthalic anhydride, tanks, lb	.165	.205	.205	-19.5
Polyethylene resin, high pressure molding, carlots, lb	.35	.35	.325	+ 7.7
Rosin, W.G. grade, carlots, f.o.b. N.Y. cwt	9.85	9.85	9.40	+ 4.8
Shellac, T.N., N.Y. lb	.31	.31	.33	- 6.1
Soda ash, 58%, light, carlots, cwt	1.55	1.55	1.55	0
Sulfur, crude, bulk, long ton	23.50	23.50	23.50	0
Sulfuric acid, 66° commercial, tanks, ton	22.35	22.35	22.35	0
Tallow, inedible, fancy, tank cars, N.Y. lb	.073	.074	.081	- 9.9
Titanium dioxide, anatase, reg. carlots, lb	.255	.255	.255	0
<b>PAPER</b>				
Book paper, A grade, Eng finish, Untrimmed, carlots, CWT	17.00	17.00	17.00	0
Bond paper, #1 sulfite, water marked 20 lb, carton lots, CWT	24.20	24.20	24.20	0
Chipboard, del. N.Y., carlots, ton	100.00	100.00	100.00	0
Wrapping paper, std, Kraft, basis wt. 50 lb rolls	9.00	9.00	9.50	- 5.3
Gummed sealing tape, #2, 60 lb basis, 600 ft bundle	6.40	6.40	6.40	0
Old corrugated boxes, dealers, Chicago, ton	23.00	23.00	17.00	+35.3
<b>BUILDING MATERIALS</b>				
Brick, del. N.Y., 1000	41.25	41.25	41.25	0
Cement, Portland, bulk, del. N.Y., bbl	4.29	4.29	4.42	- 3.0
Glass, window, single B. 40" bracket, box, fob N.Y.	7.90	7.90	7.09	+11.4
Southern pine lumber, 2x4, s4s, trucklots, fob N.Y.	119.00	119.00	113.00	+ 5.3
Douglas fir lumber, 2x4, s4s, carlots, fob Chicago	133.00	131.00	112.00	+18.8
<b>TEXTILES</b>				
Burlap, 10 oz, 40", 100 yd	10.60	10.45	10.30	+ 2.9
Cotton, middling, 1", N.Y., lb	.358	.356	.362	- 1.1
Printcloth, 39", 80x80, N.Y., spot, yd	.182	.182	.177	+ 2.8
Rayon, satin acetate, N.Y., yd	.258	.258	.288	-10.4
Wool tops, N.Y. lb	1.43	1.42	1.615	-11.5
<b>HIDES AND RUBBER</b>				
Hides, cow, light native, packers, lb	.19	.18	.145	+31.0
Rubber, #1 std ribbed smoked sheets, N. Y., lb	.30	.306	.258	+16.3



# Optimistic Canadian P.A.'s Expect Level Prices

**Ottawa**—Purchasing executives here are awaiting a mild upsurge in buying activity while prices remain level. And it's a climate that will probably hold through the remainder of 1959. This viewpoint was expressed by the Hon. Gordon Churchill, Canadian Minister of Trade and Commerce, in an exclusive interview with PURCHASING WEEK.

Churchill attributed the upswing to three major factors:

1. "The resurgence of consumer interest in durable goods, particularly automobiles, sales of which have been lagging in the last two years."

2. "The rising volume of housing completions which will give further momentum to the upward trend in the purchase of appliances."

3. "Recent (improved) economic developments in the United States."

This expected upturn comes as welcome news to Canadian P.A.'s and other businessmen. For although the recent recession was not severe, as the chart above right shows, both unemployment and overcapacity remain serious problems here.

Total Canadian industrial production in 1958 was 111.8 (1953 equals 100), some 3% behind the 1957 level. The mildness of the decline, however, is overshadowed by the failure of output to rebound in a fashion similar to U.S. production in the last seven months (see chart above right).

## Mild Upturn Expected

However, a mild but steady upturn in industrial activity is expected to raise total 1959 Canadian industrial production above 115, a new record yearly total.

Churchill expects increased buying by U.S. P.A.'s in two major areas to help boost Canadian production.

Exports of pulp, paper, and lumber south-of-the-border, which declined last year, are expected to rise significantly in 1959. There is also hope for improved U.S. demand for base metals and iron ore. And aluminum exports are expected to near record levels in 1959.

Domestically speaking, Churchill pointed to the end of an inventory liquidation phase on the part of Canadian P.A.'s as a major cause for the expected output upturn.

"In the first part of 1958 the tendency to meet orders by a drawing down of stocks was quite prevalent through a broad segment of Canadian industry," he said. "Conditions in this respect still vary from one trade to another. On balance, however, it now appears that the full impact of market demand is being reflected in new orders at the producer level. And operating levels are now rising in a number of industries."

Churchill went on to explain that during the winter period the underlying improvement in output would be somewhat hidden by seasonal slow-downs. But a fairly significant climb should begin by spring.

Pricewise, Churchill looks for relative stability during 1959. While demand will be higher, so will the availability of goods. Furthermore, many recent wage agreements have been negotiated

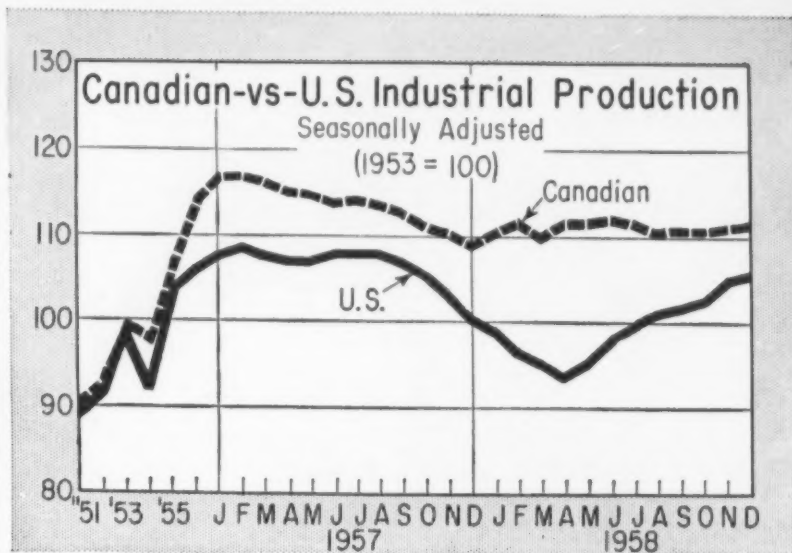
with no or comparatively small increases. So upward pressures on prices seem less pronounced than they were last year.

The general feeling here in Canada is that trade with the U. S. will pick up this year after slackening in 1958. The balance of trade between the two nations improved for Canada in 1958 because of a slowdown in imports of U.S. goods. But a resurgence in demand for American products is expected to begin shortly.

Imports of machinery and

equipment, which fell sharply last year, are not expected to rise appreciably this year because of a continued lull in capital investment by large segments of Canadian industry.

Improved consumer demand, on the other hand, should result in increased imports of other types of goods from the United States. This will include not only finishing products but components and materials for the use of Canadian manufacturers whose business is expected to expand in 1959.



## Held down "impossible" job for months vs. days

They were asking the "impossible" at this big West Coast mine. The hose used in their big beneficiation plant must be tough enough to handle the flow of murderously abrasive iron-ore slurry. Yet it still must be flexible enough to follow a twisting, bending course down from the top of the seven-story structure.

So it's little wonder their first hose sprang numerous leaks almost immediately — was finished completely in about 45 days. It wasn't until the G.T.M. — Goodyear Technical Man — recommended his special ore-carrying hose that they got satisfactory service.

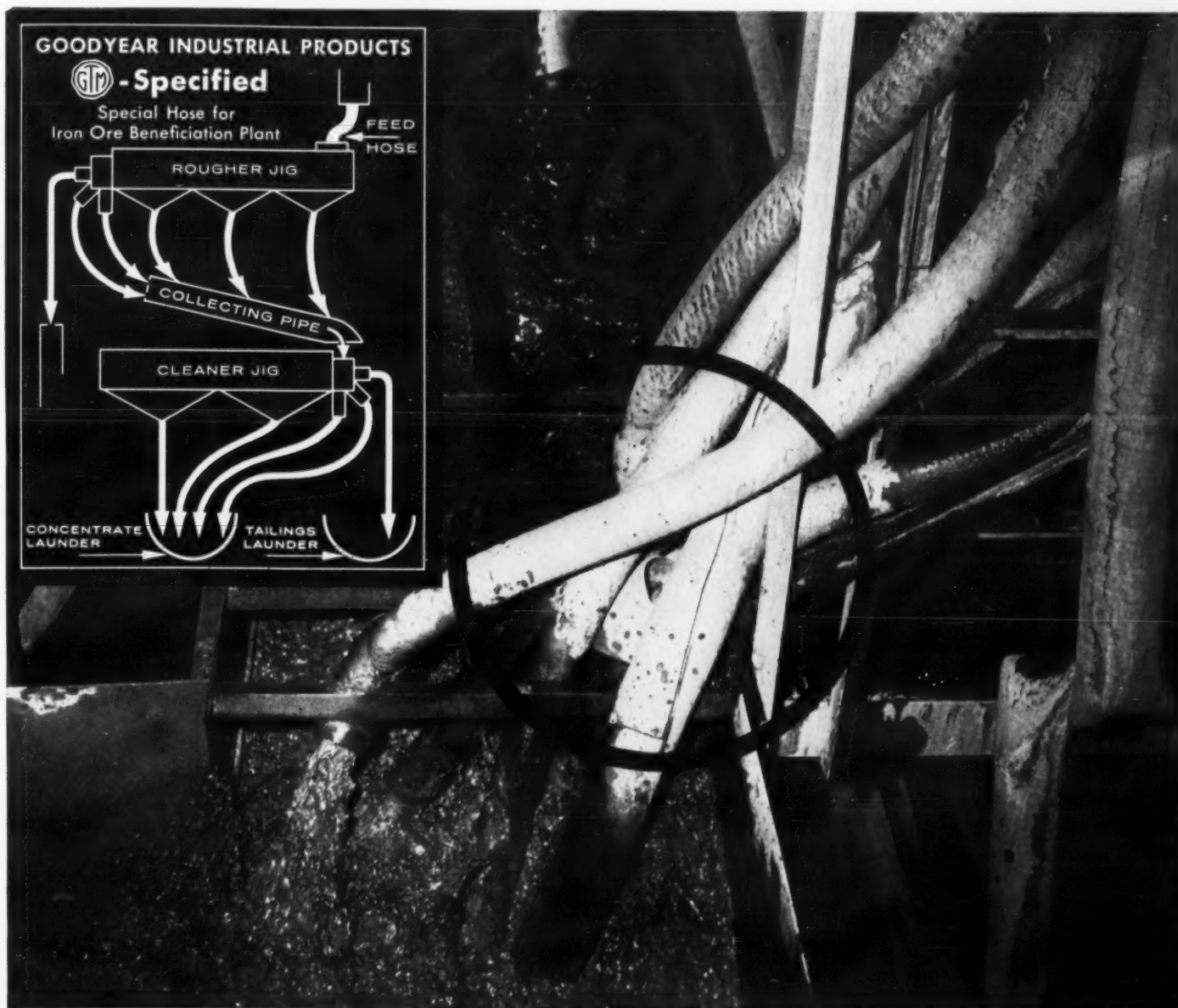
In fact, the G.T.M.'s hose has been so successful that the company's purchased over 4,000 feet of it to date.

It's been on the job over 12 months now — completely mastering this extra-tough job.

So once again, the G.T.M. has proved that the "impossible" often boils down to right hose — and the right recommendation. Make sure you get both — by contacting your Goodyear Distributor — or writing Goodyear, Industrial Products Division, Akron 16, Ohio.

• • •

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# Washington Perspective

FEB. 2-8

**Nikita Khrushchev's boastful new program for Russia to outstrip U. S. production dramatically points up the emerging Washington debate over rate of growth of the American economy** (See page 1).

The Russian Premier says that Russia's economy is expanding at such a pace that it would achieve the Communists' dream of surpassing U. S. output by 1970.

Just how much of this is for propaganda purposes is debatable, but there's no denying that U. S. policymakers are concerned over Russia's economic strides.

While no one is saying anything publicly, they can't help but compare the Soviet goals with the recent performance of the U. S. economy.

The Russian economic machine has been growing at the rate of some 7 or 8% per year. Khrushchev's new targets call, not for a lessening of this rate as many have predicted, but an acceleration.

The American economy, on the other hand, historically has expanded about 3% a year, but this rate has slackened noticeably in the past few years. **Since 1953, the American economy has expanded an average of only a little more than 1% a year.**

President Eisenhower's economic advisers foresee a growth this year of up to 8%, but this will be making up ground lost in the recession. For 1958 and 1959, the growth rate will still only average 1.2% for each year.

It's these kinds of figures that are causing Democrats to challenge President Eisenhower's new reduced \$77 billion budget as a "pinch penny" budget which is holding back the nation's economic growth. They also lie behind their motives in pushing numerous inflation studies and investigations of the economy.

**Democrats want a greater role for the government to step up the growth rate.** They're thinking in terms of a 4 or 5% annual increase. And they don't buy Eisenhower's warnings that increased government spending would bring on disastrous inflation.

President Eisenhower, for his part, thinks potential growth is adequate enough. He wants to put the brakes on too rapid expansion in order to hold prices in check.

Hence, the lines are drawn for what shapes up as the biggest debate of the Congressional year. In effect, it is a recasting of the traditional liberal-conservative roles.

**The Army has adopted the value analysis approach to shave costs on new weapons it buys.**

Under the program, an ordnance team of engineers and auditors inspect contractor plants to seek new ways to cut production costs. Two missile plants already have been inspected.

And the system is proving profitable. In one case, for example, the inspectors found the added cost of applying an extra smooth finish to a missile part "added nothing to the (part's) function." The specs were changed.

**Neither Eisenhower nor the Democrats are happy about the President's new farm message.** Eisenhower hoped to have resolved by this time a bitter dispute between Agriculture Secretary Benson and Budget Director Stans. Stans wants to set a top ceiling on funds for price support programs. Benson says this is unworkable, prefers to stick to his present program of cutting supports and applying acreage controls.

Democrats want something bigger for the farmer in the way of price supports. They haven't worked out the details yet, but plan to offer a substitute soon.

## Weekly Production Records

	Latest Week	Week Ago	Year Ago
Steel ingot, thous tons	2,212	2,056*	1,459
Autos, units	127,189	135,953*	107,495
Trucks, units	24,222	22,577*	18,221
Crude runs, thous bbl, daily aver	8,311	8,129	7,639
Distillate fuel oil, thous bbl	15,009	14,751	12,543
Residual fuel oil, thous bbl	7,779	7,629	7,424
Gasoline, thous bbl	28,101	28,488	26,449
Petroleum refineries operating rate, %	86.5	84.7	83.6
Container board, thous tons	148,058	159,975	139,541
Boxboard, thous tons	144,476	145,803	142,458
Paper operating rate, %	89.8	90.6*	89.1
Lumber, thous of board ft	230,518	198,806	223,832
Bituminous coal, daily aver thous tons	1,382	1,366*	1,407
Electric power, million kilowatt hours	13,394	13,324	12,399
Eng const awards, mil \$ Eng News-Rec	418.2	388.1	389.7

\*Revised

## Splitting Out in N.Y. State If Amendment Passes

**Albany, N. Y.**—Splitting orders to avoid a law requiring bids on public contracts over \$1,000 may end soon in New York state. To bar the practice, State Comptroller Arthur Levitt has recommended an amendment.

"The plan is designed to end favoritism, improvidence, extravagance, and fraud in municipal purchasing and local public works contracts," Levitt said.

## Dow Chemical's Marketing Plan

(Continued from page 1)

prices for crystal and natural materials. The 1½¢ difference is effective on truckload or carload quantities.

"The increased use of colored materials in volumes approaching commodity levels," explained G. J. Williams, sales manager of Dow's plastics department, "will enable us to pass along to our customers the savings resulting from high unit volume production."

Effective March 1, the plan will operate basically in this way:

1. Dow sales offices will make available a list of V.I.P. colors by the 5th of each month. Orders may be placed at the V.I.P. color prices up to the 25th of the month for production the following month. During this period, granulation, lubrication, and shipping package can be ordered to individual specifications.

Customers may also purchase from warehouses in the quantities desired. A slight premium will be charged, however, for less-than-truckload quantities.

2. V.I.P. colored materials in inventory also may be ordered at V.I.P. prices. If orders are placed after the 25th when a production run has started, however, shipments will have to be made in the granulation, lubrication, and package which is in inventory.

## Makers of Bearings Upped Prices by 5%; Labor Costs Blamed

(Continued from page 1)

While Fafnir Bearing, Marlin-Rockwell, SKF Industries, and others were making the increase official after previously notifying customers, a spokesman for new departure commented: "No decision on a price change has been reached as yet."

The last increase in the bearing industry was late in 1957. Most firms reportedly absorbed last summer's steel hike.

"We've finally arrived at the point where we can't absorb any more increases," declared a spokesman for the Fafnir Bearing Co., New Britain, Conn. "We have another wage hike coming this month so we're forced to increase our bearing prices about 5%."

"Besides," he added, "we're not passing much on to the customer. This increase won't come close to covering the higher costs resulting from wage and steel increases."

SKF industries reportedly will boost prices across-the-board about 4.4%.

## How to Cut Maintenance Expenses Attracts P.A.'s to Cleveland Show

**Cleveland**—Maintenance costs American industry an estimated \$16 billion a year. At the 10th plant maintenance and engineering show last week more than 20,000 maintenance and purchasing men were on the watch for ways to cut down on their share of that figure.

One way, which was prominently emphasized among the 10,000 products exhibited at the show, is in the careful selection of materials, both for new equipment and for upkeep of existing facilities. New materials are making their appearance, and old ones are finding valuable new applications in the fields of structural protection, corrosion resistance, equipment maintenance, and process improvement.

### New Aluminum Paint

A new heat resistant aluminum paint that meets government specifications at 1,000F. was displayed. A silicone alkyd vehicle paint, it has been tested on boiler fronts, ovens, and diesel exhausts and found to have excellent resistance to thermal shock as well as heat.

The use of some of the newer plastic materials in the process industries was illustrated by a newly designed gate valve available in either polyvinyl chloride or polypropylene. The valve has no metal parts, has been designed specifically to meet the problems of conveying corrosive and abrasive liquids that can't be contaminated. It can be used with all presently available plastic pipe and fittings and has applications in the chemical, plating paper, and other processing industries.

Another corrosion-resistant material introduced was a coal

tar polyepoxy—a combination coal tar and epoxy resin. It is a chemically cured coating for heavy duty protection of facilities exposed to extreme corrosive atmospheres. The coating resists petroleum products, aromatic solvents, salt and alkali solutions, and many acid solutions. It will withstand considerable impact within the temperature range of -40 to +400F.

The exhibits also covered the complete range of maintenance equipment from mechanical sweepers to radioactive waste filters. They indicated a continuation of a trend toward "do-it-yourself" maintenance. Mobile machine shops with lathes, threading machines, and other equipment to help industrial companies make their own maintenance parts were exhibited.

## Ground Rule Use Provides Footing

**New York**—Use purchasing ground rules and you're on sound footing in the surplus market, exhibitors at the Ninth Annual Surplus Dealers Show last week advised purchasing agents.

Before buying, P.A.'s were cautioned to determine:

- Exact requirements to be met by the surplus item.
- How it is packaged.
- Guarantee specifications.
- Quantities available.
- Prices.
- Condition of material (is it old or new?).

These rules are basic, but more than that they give a P.A. a well-rounded picture of information needed, Lynn F. Barnett, president of the institute, pointed out.

### Other Safety Factors

"Other safety factors provide the purchasing man with added protection," Barnett said. "Most of the material exhibited here was manufactured last year but grew obsolete when military specifications were changed to keep up with the times."

"A money-back or replacement guarantee goes with every order. This puts surplus sales practically on a equal footing with manufacturers. These basic rules and guarantees have upped surplus sales. Actually surplus material is the wrong term because most of the products are unused," Barnett said.

### 'Buyers Don't Get Stuck'

One exhibitor, Edward Tarshinsky, said "Buyers don't get stuck because the government merchandises the best, specifications make it so. Purchasing men have another advantage, they get a good price for material usually priced higher."

Leonard Goldman, another exhibitor, said: "To gain the most out of a purchase, P.A.'s should look for adaptability of material as component parts. It is easy to pass up parts which have potential uses. Purchasing men should know their precise needs. The buyer should also know the firm with which he's dealing."

The three-day show found buyers for more than \$10 million worth of goods.

## Inventory Levels Believed Annoying Steel Customers

**New York**—Steel industry belief that customers are "uncomfortable" about their inventory levels came from two directions last week.

Board Chairman Roger M. Blough, reporting orders at their highest rate in a year, said U.S. Steel order books reflect improvement in customers business plus major concern (but "no panic buying") over steel strike possibilities.

The American Steel Warehouse Association came to a similar conclusion after a survey of its 900 member steel service centers. Warehousemen said customers' improved business activity is mainly responsible for expectations of a 10% increase in warehouse sales in the first quarter over the final three months of 1958. Considerable strike hedge buying queries were being received, pointing to more strike protection sales in the second quarter.

Imported steel products from Europe proved a big talking point at the association's executive session. The main concern is not so much with the total quantity of imports as with the product mix of certain "bread-and-butter" items such as reinforcing bars, nails, staples, wire rods, carbon bars, etc.





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## Cutting Transport Costs Spotlighted At New England P.A.A. Meeting

**Boston** — Cutting transportation costs took the spotlight at a New England Purchasing Agents Association educational panel here Jan. 12. The emphasis was on better understanding of traffic.

Citing specific examples, three transportation men also explained ways of handling freight and transportation problems.

Herbert A. Hamilton, General Electric Co., recalled three things his plant did to improve transportation: determined that within the boundaries of a state you can negotiate your own route of travel, found shipping gas by individual bottle was more expensive than by using trailer load to full extent, and used internal transportation rather than common carrier.

Martin L. Hoffman, M&M Transportation Co., reminded the members that in New England ratings depend on the transportation characteristics of the freight, most important of which is density.

### Determine the Density

"Determine what rating your commodity would acquire because of its density. If the value is nominal, if there is no perishable factor, no storage difficulty, then density would be the controlling factor," Hoffman said.

"We sell the space of a truck, about 2,000 cu. ft. If 10,000 lb. of an article will fill the truck then the article should take a higher rating than an article that takes 20,000 lb. to fill the truck," he explained.

As an example Hoffman mentioned paint pails which should be shipped by nestling them into each other rather than in boxes or dividers. He also asserted that machinery shipped assembled costs more than machinery disassembled.

John Blair, Southern Railway, pointed out that there are very few direct economies in rating freight. He warned not to fall for the theory that transportation

### Wilmington P.A.'s Hold 'Past Presidents Day'

**Wilmington, Del.** — Purchasing Agents Association of Wilmington honored 11 past presidents in a "Past Presidents Day" program at the January session.

"Automation's Effect on the Purchasing Department" was covered in a talk by E. C. Aubitz, director of methods, Remington Rand Division of Sperry Rand Corp.

The association and Delaware Sales Executive Club planned a joint meeting for Jan. 26, with J. L. Gillis, vice president in charge of marketing, Monsanto Chemical Co., as speaker.

### Education Buyers Name Earl Guthrie President

**Denver** — Rocky Mountain District, National Association of Educational Buyers elected Earl Guthrie, University of Denver purchasing agent, as its president.

Jack Howard of Colorado College, was named vice president, and Kay Hafen of New Mexico State University was named secretary-treasurer.

cost is not a responsibility because it is paid by the shipper.

"All costs, from the cost of the raw material to the finished product, are directly related. Any wasteful transportation costs will be charged back to you either directly or covered up in the higher cost of the product purchased.

"Savings can result by your use of the most efficient transportation company available, using the most efficient routes," Blair emphasized.

## Dallas Purchasing Agents Hear Economic Trends Outlined

**Dallas, Texas** — Economic trends for this year were outlined at Dallas Purchasing Agents Association's first 1959 session.

Phillip E. Coldwell, director of research, Federal Reserve Bank of Dallas, said "the major questions concerning business in 1959 do not relate to direction—we know it is going up—but to how fast and what areas it will get stimulation."

Coldwell cited these major stimulants: inventory accumulation based on the potential steel strike, a strong rise in consumer spending, and continued

increases in government spending. He listed as top problems: inflation, trend to more authority in government taxes, housing, price controls, and other phases of the economy.

"How to Make a Purchasing Report to Management", was the subject of a five-minute quickie by Robert D. Crane, assistant director of purchases for Dresser Industries, Inc. Crane termed reports a guide in planning and a signal in operations.

An example: A report by one of the Dresser companies for which the material is accumu-

lated daily by the buyer, discussed weekly with the manager of purchasing and submitted monthly to the president.

"There are opinions that such a report takes too much time to prepare. To me, this is a fallacy, for accumulating data during the month assists a buyer in properly utilizing his time and keeps him constantly aware of one of his functional procurement responsibilities. Preparation of the report at the end of the month from accumulated data should take a maximum of two hours," Crane emphasized.

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# Probers to Look at Transportation; Railroads Out to Get More

(Continued from page 1)  
should be adopted to advance the industry.

But underlying all these topics is the politically explosive question of rates—a major motivating force behind the investigations.

The railroads, flushed with victory after winning favorable legislation last year, are back for more. They are determined to win further powers to lower freight rates on selected commodities to meet competition.

Truckers and barge operators

are opposed, charging that the railroads want to lower rates only to drive out competition and then be free to set whatever rail charges they want.

These groups are pushing a counter proposal for a law similar to the Robinson-Patman Act which, in general, bars sellers from lowering prices to one customer and not to others.

Under their proposal, railroads dropping rates to meet competition in one area also would be required to lower them in other areas even where they do not

have competition. This would act to keep railroads from shaving any tariff rates.

This is shaping up as the big squabble in the investigation to be conducted in the Senate by the Commerce Committee. The House Commerce Committee also will be surveying transportation needs, but the Senate group is the one to keep your eye on. It is the more significant.

The Senate committee is headed by Sen. Warren Magnuson (D-Wash.) and includes Sen. George Smathers (D-Fla.), two

of the biggest men in Congress on transportation matters. They piloted through Congress the favorable rail legislation of last year which gave the railroads new tariff-cutting powers, a \$600 million government-backed revolving loan fund for capital improvements, and eliminated the 3% excise tax on freight shipments.

The Senate committee now is only in the preliminary phase of drawing up plans for the investigation, and public hearings still are some months off. Aside from

rates, other areas planned for study are:

- The question of user charges for barge owners and truckers to pay for use of government-maintained waterways and construction and upkeep of federal highways.

- Proposals to allow common ownership of railroads and truck lines. This would put the rails into the trucking business.

- A railroad-backed and trucker-opposed recommendation to expand piggyback carrier operations.

- More favorable railroad depreciation rates.

## Administration to Probe Too

The Administration has no intention of allowing Congress to have the field to itself and be the agency to call the shots on a new transportation policy. President Eisenhower in his budget message set forth plans for a comprehensive transportation study under Secretary of Commerce Lewis Strauss. It will concern itself with a study of new problems in the field, a redefinition of the federal transportation role,

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**SEN. WARREN MAGNUSON**  
(D-Wash.) keeps his eyes on the national transportation picture.

and setting forth what legislation is needed to assure transportation development.

Strauss has just begun to lay plans for the study and it will be some time before it gets into full swing. He already has contacted a few industry officials and is now working with his department's transportation experts on the course to be followed.

Railroads are certain to get a favorable hearing by the Administration. Former Commerce Secretary Sinclair Weeks conducted a somewhat similar investigation a couple of years ago that concluded with a report sympathetic to rail problems. This report, which met with thunderous opposition by trucking groups, eventually led to the transportation legislation of last year.

However, chances for any further legislation this year are considered extremely unlikely. Most of the time will just be taken up with investigating. The legislating, if there is any, will come next year. But, one thing likely to get through this year will be to lower, or eliminate outright, the 10% excise tax on rail passenger fares.



## Civic-Minded Norman Sutherland Works Behind Scenes at State Fair

For years, football fans entering Dallas' giant Cotton Bowl have seen the same friendly face at Gate 2. Most of them would probably be astonished to learn that they were handing their tickets over to a purchasing executive for one of Dallas' major insurance companies.

As one of his many civic activities, Norman Sutherland, department head and purchasing agent for Republic National Life Insurance Co., is supervisor of the Gates Department of the State Fair of Texas. Fairgoers wouldn't recognize him, however, because here he works behind the scenes.

It is only for football games and other Cotton Bowl attractions that Sutherland actually works at the gate. After the game begins, he goes to his office in the

press box to handle many business details including the payroll for the police, ticket takers, and other Cotton Bowl employees. Although he is a football fan, Sutherland seldom has time to see more than snatches of the games played.

The most unusual aspect of Sutherland's association with the State Fair of Texas is that each October for 11 years he has spent his vacation working for the Fair.

### Urged to Work at State Fair

Back in 1947, one of the organization's officials urged Sutherland, as a civic duty, to help with the work at the Fair. Sutherland started as a ticket taker at the main gate, but this job lasted only two hours. He was called into the office to help out, and he has been in charge of the department ever since.

Among his duties, Sutherland is responsible for tickets, statistical reports—such as this year's record-breaking attendance of 2,757,734—and the payroll for more than 200 guards and gatekeepers employed by the world's largest state fair. He also schedules all guards and ticket takers for the Fair gates, Midway concessions, and Cotton Bowl, and he directs the handling of the Cotton Bowl crowds.

"I have thought of giving up the Fair job several times," Sutherland says, "but it gets into your blood like railroading. Some of our gatekeepers have been vacationing during the Fair for 22 years."

The public isn't aware of it, even in



**TICKET TAKER SUTHERLAND**, purchasing agent for Republic National Life Insurance Co., volunteers his spare time as supervisor of the gates department at the Cotton Bowl.

Dallas, but nearly all of the gatekeepers, like Sutherland, are of executive caliber. Included are corporation vice presidents, college officials, sales managers, bank officials, and postal inspectors. Sutherland is the only purchasing executive in the group.

### Gatekeepers Paid Token Sum

The gatekeepers are paid a token sum of slightly over \$1 an hour, and Sutherland gets about twice that much. He works with an office staff of six, one of whom is assistant to the president of a major utility company.

Most of the gatekeepers work eight-hour shifts, but more often than not Sutherland puts in 16-hr. days during his

two-week "vacation." As a result, he doesn't get to see much of the Fair.

"This year there was a livestock exhibit I was particularly interested in," Sutherland says, "but I never did find time to get over to see it."

The State Fair of Texas is only one of the many civic interests of this busy purchasing executive. He is active in the church and several fraternal organizations—the Masonic Lodge and the Rotary Club, to name two.

He is also captain of the Irving Police Reserve, which he helped to organize. Sutherland lives in Irving and was a recent candidate, unsuccessful, however, for the City Council of this rapidly growing Dallas suburb.

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## Colo. Fire Insurance May Be Consolidated

**Denver, Colo.**—The State of Colorado will have one instead of 800 fire insurance policies covering its property if State Purchasing Agent Lacy L. Wilkinson's plan is adopted.

The state now insures its property through 800 policies for \$80 million coverage at an annual cost of \$120,000.

Because bids have not been required, Wilkinson and previous state purchasing agents have been accused of dispensing insurance policies on a political patronage basis. The new plan would eliminate patronage criticism and lower the cost to taxpayers, Wilkinson emphasized.

Increasing the total coverage would allow savings by gaining a better rate and certain credits. Wilkinson noted an overall policy would disperse the risk assumed by the company or companies providing insurance.

"I hope to offer a package deal, where the agents can't afford not to cut their premiums and bid for consolidated policies," Wilkinson pointed out. He said the representative of the State Insurers Association had helped devise the new program and had agreed to support it.

Wilkinson pointed to the consolidation of auto liability insurance policies which had saved taxpayers money. Before blanket coverage, a state vehicle cost \$40 a year to insure, now it costs \$9.35.

Consolidation of fire insurance also will save huge amounts of paper work needed for the present 800 policies with 25 companies, the P.A. said.

Wilkinson said he will ask the state legislature to make one appropriation to pay for the program. Past budgets have required separate fire insurance premium appropriations for each state agency and institution.

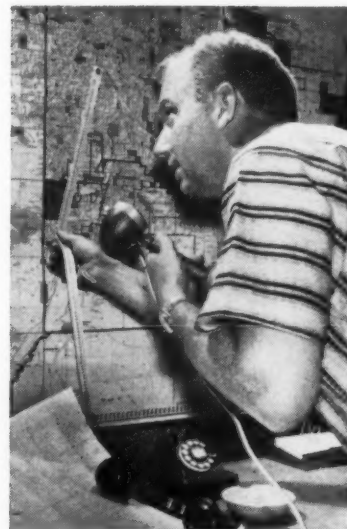
Purchasing executives in other states are expected to follow the new program to determine if it is adaptable in whole or in part in their own states.

### Monthly Trend in Freight\*

(% Change from Corresponding Month of Previous Year)

<b>Railroad Freight Car Loadings</b> .....	—1.6
<b>Trucking—Intercity Tonnage</b> .....	+0.8
<b>Air Freight and Express—Ton Miles</b> .....	+17.3
<b>Waterway—Foreign Trade Ship Clearances</b> .....	—13.0

\*Latest month for Railroads is December; Trucks, November; Airlines, November; Waterway, August.



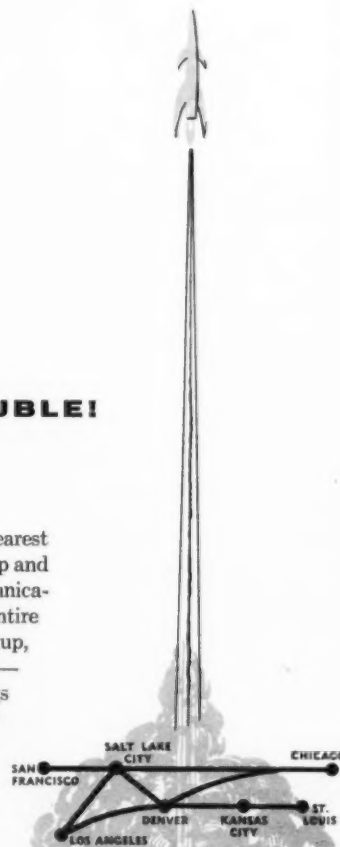
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# This Changing Purchasing Profession . . .



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Charles J. Seelig has joined the Aircraft Equipment & Power Equipment Division, Consolidated Diesel Electric Corp., Stamford, Conn., as assistant purchasing agent. He had been purchasing agent for G. M. Ketcham Mfg. Corp., Glendale, L. I., N. Y., and for H. A. Sward Co.

Jesse C. Fox, former director of purchases for Pfaudler Co., Inc., Rochester, N. Y., has joined

with Ernest H. Schiller in the formation of Schiller & Fox, Inc., manufacturers' agents serving the upstate area. Fox is vice president and treasurer of the new firm.

R. G. Nichols has been named purchasing agent for Western Copper Mills, Ltd., Annacis Islands, New Westminster, B. C. Nichols is a past president of the Purchasing Agents Association of British Columbia.

Ray C. Compton has been named assistant sales manager of Weller Electric Corp., Easton, Pa. He was formerly with the Consumer Products Division of Monsanto Chemical Co., St. Louis, in the Boston and Philadelphia district offices.

R. S. Wentz, formerly director of purchasing and planning, Towmotor Corp., Cleveland, has been made factory manager.

## Eaton Mfg. Promotes 3 Purchasing Men

Cleveland—Three members of Eaton Mfg. Co.'s purchasing staff have been promoted under the firm's program to expand this phase of its activities.

W. H. Williams, purchasing agent for the Axle Division, has been assigned to the central purchasing staff as supervisor of production parts and mill supply buying, a new post. Richard F. Fitzgerald has been made manager of the purchase research and analysis section of the central purchasing staff, and William E. Davis has been advanced from assistant purchasing agent to purchasing agent for the Axle Division.

Williams, who joined the company in 1956 as a purchase analyst, will be responsible for administering the purchase functions of Eaton plants whose primary procurement problems involve production parts.

Both Fitzgerald and Davis joined the firm in 1955. Fitzgerald had been technical assistant to the director of purchases, the White Motor Co., Cleveland, and Davis had been on the purchasing staff of the Westinghouse Electric Corp., Pittsburgh.

R. O. Erdman has retired as vice president-purchases, Lehigh Portland Cement Co., Allentown, Pa., after 35 years with the firm. He became purchasing agent in 1933 and vice president in charge of purchases in April, 1952. Effective Oct. 1, Robert E. Jones became director of purchases with full supervision and direction of the purchasing department.



EMMETT J. HEUP has been made manager of purchases at Bucyrus-Erie Co., South Milwaukee, Wis. He succeeds John R. Warner, recently named vice president in charge of purchasing. Heup, who joined the firm in 1952, had been serving as a purchasing agent.

## Here's Why CESCO is my choice

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**Make a note of the CESCO distributor nearest you and call him next time you have a safety equipment problem**

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**CHICAGO EYE SHIELD COMPANY**  
2723 West Roscoe Street, Chicago 18, Illinois



# Purchasing Week

McGraw-Hill's National Newspaper of Purchasing

330 West 42nd St., New York 36, N. Y.

Vol. 2, No. 5

February 2, 1959

Print Order This Issue 26,615

## Let's Look at Us Before at Them

**W**HETHER we like it or not most of us are creatures of habit. Just look around you at the men with whom you work. Even though they sometimes try to hide it, their training frequently pops up in everyday chores. For example, the average accountant who has graduated into the purchasing field is meticulous when it comes to maintaining records and dealing with figures. The salesman who has been promoted into purchasing is overly conscientious when it comes to interviews with salesmen. And, when it comes to engineers who have become purchasing men . . . then you'll find a greater willingness to understand the engineers' "idiosyncrasies"—idiosyncrasies, from the purchasing man's standpoint, of course.

Engineers and purchasing agents usually work hand in hand. However, it is a rare purchasing agent who has not said or at least heard another purchasing man say: "Those 'so and so's' in my engineering department. . . ." This is such standard talk that rarely does it even rile an engineer. It does bring up questions though. Why, for example, do many engineers specify "specials" when standard size items would do the job?

And why do some engineers think they know more about purchasing than a purchasing agent? This type of engineer encourages backdoor selling by salesmen and on occasion, makes commitments to those salesmen. This is the type of operation that really short-circuits purchasing. It's the type that prompts purchasing agents to say: "Those engineers are really a bunch of 'so and so's' who louse up the whole works."

Before we condemn an entire engineering department though, let's first admit that those who fail to recognize the purchasing function are in the minority. Now let's take a look at that minority. Certainly no purchasing man would want to hold a brief for a group, no matter how small it is, that does not want to operate cooperatively. But before we lay the blame at the engineers' door, we should take a searching look at our own operation.

Let's ask ourselves a couple of questions, and they are key questions:

Have we failed to do something for the engineering department which we should have done?

Are there any new services we can introduce to the engineering department?

As we said in the beginning, background and training keep showing through. Engineers are trained to find solutions to problems. If they are not getting the service they expect from purchasing, they are going to try to find a way to operate around purchasing. If purchasing does not come up with new ideas and new suggestions, it's a cinch that the engineering department will do this on its own.

Where do you stand on this score?

Are you supplying the answers?

## No Sales Tax; Just a Purchasing Tax

Did you ever stop to wonder why they call it a sales tax? It really isn't a tax on sales, it's a tax on purchases. On the other hand, though, it's the kind of thing to which purchasing wants to lay no claim.

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## Your Follow-Up File

### Sees Threat in Inflation

Athens, Pa.

The last few issues of PURCHASING WEEK have downplayed inflation talk and tend to lead one to believe that the American public has nothing to fear from what little inflation exists today.

Your magazine is undoubtedly interested in purchasing men's views on such matters, and I would like to give you my answer to the question put forth in your January 19 issue, page 21, ("Purchasing Perspective") "is all this inflation talk really necessary?"

As a member of a purchasing department I feel that all of this talk about inflation certainly is necessary. In fact, I doubt that the American public is properly informed on the dangers of present day inflation.

Your magazine could be a great asset to the fight against inflation by publishing articles dealing with the dangers of inflation and what should be done within organized labor to curb inflation. Instead you report that there is, "very little indication of any sharp upward price push in the next six months or so."

This is not the picture I see from behind my desk where every day orders are being accepted at higher prices. Rubber hose has increased 3%, most bearings will increase by Feb. 9 by 4 to 5%, stainless steel has increased by 3 3/4% on all popular grades, and special screw machine parts have been increasing steadily. This to me is just additional inflation.

Why not question purchasing men actually buying such items as I have mentioned? You owe it to your readers to have several opinions expressed before you downplay an important issue that will eventually lead to a buyer's strike and further foreign imports.

There is no better time to obtain for management the true inflation picture before they again capitulate to inflationary demands on July 1.

Jack B. Knouse  
Assistant Purchasing Agent  
Ingersoll Rand Co.

• See illustration and P.W. survey story starting on page 1.

### Specific Price on Orders

Galion, Ohio

I was interested in your "PURCHASING WEEK Asks You. . ." column on pricing purchase orders (May 26, p. 11). The purchasing department at Power Equipment must have a specific price to enter on the purchase order which is sent to a selected supplier.

In order to do this, it was necessary to establish a sound procedure for securing our price information. We immediately listed all our part numbers, which is the seven digit numbering system, cross referenced to our customer's part number, namely IBM, Western Electric Co., Teletype, and others; listed also our supplier's manufacturing part number and asked for a price breakdown on quantities from one to 5,000.

When these lists were returned to us from our various vendors they were immediately placed in alphabetical order in black binders. Each list has a covering letter telling what the vendor's minimum billing is, what items can be combined for the better price

break and, in some instances, what discount applies to the different type commodity.

We found that by this method we were not only able to price our purchase orders up correctly, but were able to help other departments as well.

For instance, our estimating group can bring its bill of material and price it up correctly from our listings rather than look at a cost card that has a standard price established.

If it is necessary to purchase small quantities, for instance ten pieces, and there is a minimum billing of \$10, the price will be \$1 each and not 25¢ as shown on the cost card having been entered thereon from previous buys in larger quantities.

We have also helped our drafting and engineering by the price lists being returned showing several parts obsolete and/or obsolete and replaced by another part. This keeps our parts current. When any ordering is done purchase orders are not being returned because a part has been obsolete or replaced. This has already been taken care of by our listings which are revised twice a year.

In most instances, having a price list eliminates the necessity of calling or sending out wires every time cost or estimating requests a price.

Our price lists also have helped our parts numbering department incorporate many of the manufacturers' part numbers in the "By-Products IBM Cards" they are setting up. When these cards are completed, we in purchasing will use same to buy with rather than attach a print to each order when it is placed. This will mean a tremendous saving at the end of the year both in paper, postage, and handling.

We are in the electronic field and the biggest share of our work is specialty units. Above all this and the thousands of special items, we do well in getting a firm price and incorporating these new parts to our list with a price breakdown.

E. J. Bartol  
Head, Purchasing Department  
Power Equipment Co.

### Liked Telephone Cost Story

Staunton, Va.

We enjoyed very much reading your article on communication costs ("Delinquent Vendors Up Communication Bill," Dec. 29, p. 1).

You might be interested to know we have decided to treat this matter as a "cost of doing business" expense, but if a vendor really fouls us up, we will expect him to accept our collect calls or telegrams.

Robert A. Skead  
Purchasing Agent  
A.S.R. Products Corp.

### To Our Readers

This is your column. Write on any subject you think will interest purchasing executives. While your letters should be signed, if you prefer we'll publish them anonymously.

Send your letters to: "Your Follow-Up File," PURCHASING WEEK, 330 West 42nd St., New York 36, N. Y.



## PURCHASING WEEK Asks You . . .

What is your feeling on "gang calls" —when more than one sales representative from the same company calls on you at the same time?



**A. J. Malisek**  
Bridgeport Brass Co., Bridgeport, Conn.

"If one of our suppliers' salesmen brings along the district manager, sales manager, or other home office executive, it is perfectly all right with us. At times we are glad; it shows pretty good interest on the supplier's part. If it is a firm we are not doing business with, we don't mind if this happens once or twice. Beyond that it gets obnoxious. A sales representative is well enough informed to call alone."

**J. A. Henchy**  
Dresser Mfg. Division, Dresser Industries, Inc.  
Bradford, Pa.



"To make a flat statement, I would have to say I don't like them. However, they are acceptable provided the reason for them is made clear. There are many cases when gang calls are necessary—that is, to introduce a new salesman or a salesman's immediate superior. These calls should be the exception rather than the rule. A high pressure gang call is highly objectionable."



**G. E. Gann**  
McLouth Steel Corp., Detroit

"Gang calls within reason are certainly acceptable and welcome. In most instances it is the case of a local representative augmented with top sales and technical people. A more thorough discussion on a broader base is the result. Answers to sales, service, and engineering questions come readily without necessity of relaying them by letters. While these calls usually take up more time, fewer follow-up calls are required so we further benefit."

**J. F. Kuder**  
Pfaudler Permutit, Inc., Rochester, N. Y.



"I have no objections. In our particular case it is not necessary. One representative is usually enough for the items which we purchase. We do have salesmen calling on us with sales managers or district managers, and it is always good to meet them—personal contact goes a long way. We don't have any set hours for seeing salesmen, and they can come in any time during the course of the business day."

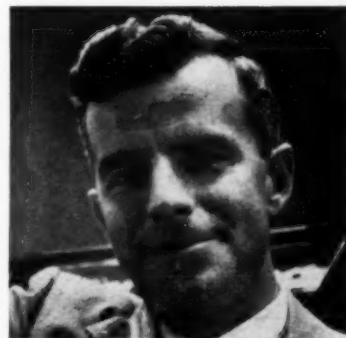


**H. E. Williams, Jr.**  
Saco-Lowell Automotive Division, Saco-Lowell Shops  
Saco, Me.

"We don't encourage it, but this is not much of a problem because most of these group calls are at our request. We are off the beaten track, and two or three men from the same company rarely come in unexpectedly. If they should, it doesn't bother me. We take care of it as best we can but cannot spend all the time with them."

**H. H. Lawyer**  
Diamond Expansion Bolt Co., Inc., Garwood, N. J.

"This happens infrequently, and I don't consider it a problem. Occasionally a salesman will call on me with some technical man or executive from his firm. I have found such calls often prove helpful, and I have never discouraged this practice. Perhaps once or twice a year I may find myself getting separate calls from four or five men from the same company. I then try to get them together so that only one man will be calling on me from any firm."



**Lewis Spangler**  
General Services Administration, Region Three  
Washington, D. C.

"I have no objection especially when someone from the home office comes in with a local area man. But, we don't like to have five or six men from the same company descend on us. Any business you might discuss sort of goes into left field, and the call is usually a waste of time. Such calls, however, don't happen often. Salesmen are generally pretty busy people."

## Meetings You May Want to Attend

### First Listing

**Institute of Radio Engineers**—7th Regional Conference and Trade Show, University of New Mexico, Albuquerque, May 6-8.

**National Association of Educational Buyers**—Annual Convention, Hotel Fontainebleau, Miami Beach, Fla., May 11-13.

### Previously Listed

#### FEBRUARY

**Materials Handling in Canadian Industry Exposition**—The Automotive Building, Exhibition Park, Toronto, Feb. 2-6.

**Chemical Buyers' Group, N.A.P.A.**—7th Annual Mid-Winter Conference, Hotel Commodore, New York, Feb. 3.

**Society of the Plastics Industry**—14th Annual Technical and Management Conference, Reinforced Plastics Division, Edgewater Beach Hotel, Chicago, Feb. 3-5.

**University of Wisconsin, Management Institute**—

**Purchasing Workshop (Purchasing Techniques)**, Madison, Wis., Feb. 10-12.

**Purchasing Agents Association of Alabama**—Annual Seller-Buyer Dinner, Dinkler-Tutwiler Hotel, Birmingham, Feb. 12.

**American Management Association**—Workshop Seminar, (two sessions), Organization and Management of the Purchasing Department, Hotel Astor, New York, Feb. 9-11 and March 18-20.

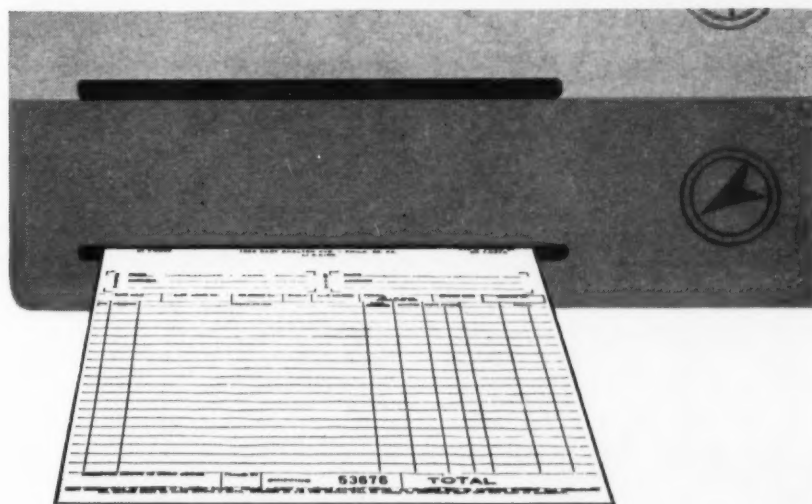
**Purchasing Agents Association of St. Louis**—St. Louis Products Display, Sheraton-Jefferson Hotel, St. Louis, Feb. 12-13.

**Purchasing Agents Association of Chicago**—25th Annual Products Show, Morrison Hotel, Chicago, Feb. 17-19.

**National Canners Association and Canning Machinery and Suppliers Association**—Joint Annual Convention and Exposition, Conrad Hilton Hotel, Chicago, Feb. 20-23.

#### MARCH

**The Lighting, Lamps and Electrical Manufacturers Salesmen's Association**—2nd National Lighting Exposition, Coliseum, New York, March 1-4.



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# Purchasing Education Gets Boost at Air School



**SCHOOL'S DEAN**, Col. Eugene Magruder, indoctrinates new classes in logistics education. He is rated command pilot and is now working on a Ph.D. in management.



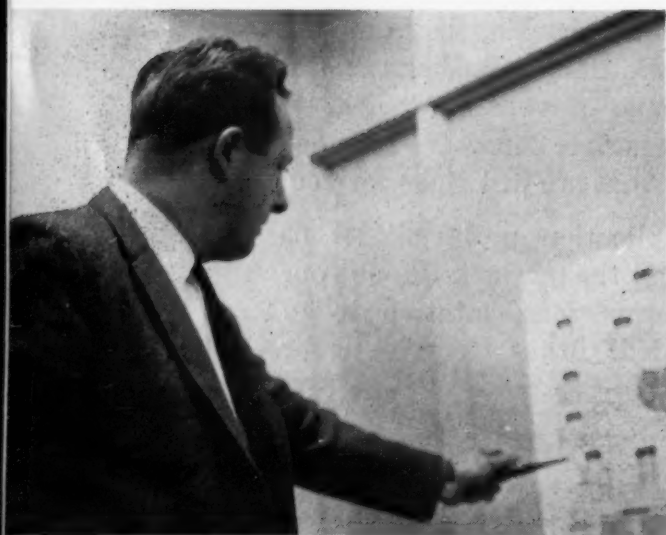
**CIVILIAN DIRECTOR**, Dr. Bill Moeckel, left, Ohio State University, welcomes new staff member, Lewis Williams. Big task at present is adding top educators to the faculty of the school.



**RESEARCH TEAMS** from the 9-month advanced materiel management course devote last 3 months to current problems in annual procurement of \$9 billion of supplies.



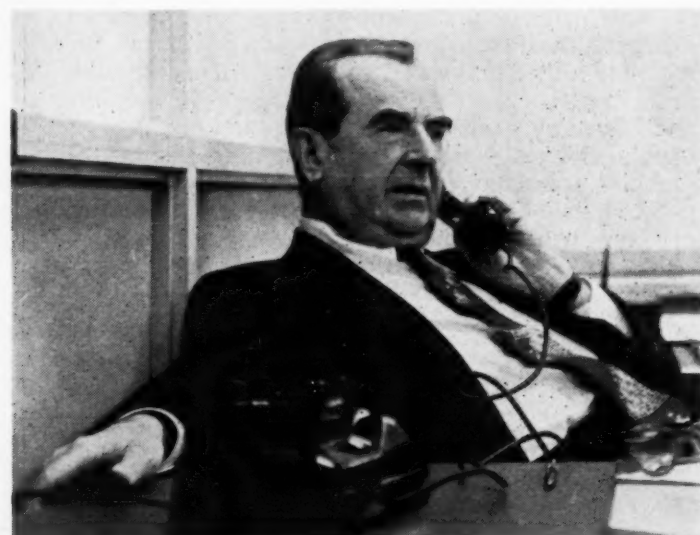
**CLASSES IN 9-MONTH COURSE** are at a professional graduate level. Stimulating week is spent exploring use of linear program in Air Force procurement with Dr. Ed. Bowman, M.I.T.



**FROM INDUSTRY** have come new staff members. Dr. Norman Deunk was formerly with Chrysler Motor.



**TOP PROCUREMENT EDUCATORS** like Dr. Howard Lewis have been associated with the school's development since 1955.



**GOVERNMENT SPECIALISTS** are also helping. Clift Mack, formerly of G.S.A., heads up one of the school's four divisions.



### The School of Logistics, Air University, in Dayton is:

- Offering 23 new courses in material management, procurement, and related fields.
- Using over 200 top consultants and guest lecturers from industry, military, and education.
- Developing courses unavailable elsewhere in materials management field; it is already operating unique course in negotiations.
- Integrating its program into the professional procurement education program Air Materiel Command has for its buyers.
- Building a permanent faculty recruited from experts in industry, government, and education.
- Investigating current problems in Air Force procurement with research teams as part of curriculum.
- Training materiel managers to handle \$32 billion of assets, \$9 billion a year in procurement.





# Foreign Perspective

FEBRUARY 2-8

**London—Soviet Russia's agreement to put a specific limit on tin exports finally has been made official.**

The Russians have promised not to ship more than 13,500 tons of the metal for a year. As a result, the British quota on Russian tin imports, slapped on last fall, was removed immediately.

Russian agreement finally came in London as an anticlimax. Word that a pact was near went around before end-1958. But subsequently there was a hitch in the negotiations, and Londoners had to rely on French sources for confirmation of the bargain.

**It's now pretty certain that Soviet tin exports this year will have little influence on the world trading position—even though the Reds have promised to slash their exports only slightly below 1958 levels.**

That's because a major source of uncertainty in the tin field has been removed. The tin crisis last year, remember, largely was caused by uncertainty about world supply position on top of sharply decreased demand from major Western areas.

The International Tin Council now has the task of persuading the United

States to join it as a producer member. Hopes are running fairly high that this step will be taken.

If Germany and Japan likewise join the Council as consumer members the chances of stronger and more stable tin prices will be better than they've been in a long time.

**Geneva—United Nations lead and zinc pow-wow, scheduled for this city February 11-13, is being postponed.**

Reason for this is the need to curtail exports no longer is urgent. Also, some quarters reckon that the conference should be put off until it's clearer what effect stateside import quotas are having on the world supply-demand position.

Despite quotas, however, outlook for these metals seem moderately bullish. Just how bullish may well depend on West European auto industry needs over the next few months.

**Tokyo—Japan is making another concerted effort to capture a larger share of world markets.**

Latest technique is the use of trade fairs. Some 14 Japanese trade fairs will be held throughout the world during 1959 in a drive to publicize and sell a wide range of Japanese products.

**They'll be held in Australia, Europe, America and Southeast Asia.**

At least 130 firms are scheduled to take part in the first trade fair scheduled for Sydney, Australia. Approximately 6,500 different types of export items will be exhibited—including industrial equipment, automobiles, textiles, cameras, pearls, pottery, and bamboo products.

## Purchasing Profiles

**"How do we buy locally for a railroad?"**



**"From the Yellow Pages of each city along our railroad's route."**

*says Arthur W. Tompkins, General Purchasing Agent for Western Maryland Railway Co., Baltimore, Maryland.*

"When you need something fast in a business that's spread over a large area, you have to do on-the-spot purchasing. That's why we rely on the Yellow Pages. In the office in Baltimore, we keep classified telephone directories from each city along the route of the railroad. And we refer to them on an average of ten times a week."

To buy *what* you need *where* it's needed, always refer to the appropriate local Yellow Pages Directory. Because you *find it fast* in the Yellow Pages, you can *get it fast!*



*Western Maryland Railway shops in the Yellow Pages, America's buying guide for over 60 years!*



Quality-conscious production methods call for modern materials . . . even down to your nut-and-bolt assemblies. Now you can buy Milwaukee WASHED WASHERS to promote cleaner workmanship, cleaner product-assembly, and upgrade the morale of production workers through a thoughtful regard for personal cleanliness.

Today, all popular sizes of Milwaukee U. S. Standard and S.A.E. Washers, Rivet Burrs and Machinery Bushings are *washed* by a special process that removes all oil, graphite or other grime. In addition, this Milwaukee Wrot Washer washing process includes rust resistant treatment.

Since the introduction of this improved processing of Milwaukee Wrot Washers, Industry has responded with a most enthusiastic vote of approval. Many production orders specify "WASHED WASHERS" . . . but whether you specify "Washed" or not, that's the way they are supplied . . . clean washers for clean workmanship and clean workers . . . to match your highest production standards.

**Specify "Milwaukee Wrot Washers" for better Quality Control.**

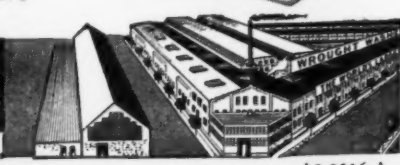
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# You Can Talk Like a Foreign Trade Expert

**New York**—Many U.S. buyers are finding it necessary to keep closer tab on major foreign economic developments.

Increased use of foreign supply sources and the activity of U.S. firms in establishing overseas branches and subsidiaries make this knowledge more and more of a must.

Onset of the new European Common Market, opening a brand new period in the economic history of Western Europe, further emphasizes the advisability of maintaining at least a "talking," if not necessarily a working, knowledge of the intricacies of foreign trade and international economics.

Understanding of reports of international trade events sometimes can be confusing because of the unfamiliar terms and abbreviations employed. The following list, prepared by the McGraw-Hill Department of Economics, is intended to serve as a basic, although far from com-

plete, guide to help keep score on what's happening in the world of trade. These terms and abbreviations are the ones which appear most frequently in these reports.

**Common Market:** (Also called EURO-MART or European Economic Community) The six Western European nations—France, Germany, Italy, Belgium, Netherlands, and Luxembourg—which have agreed by treaty to gradually remove tariffs and import quotas between themselves and establish a common tariff and trading policy toward countries outside this economic community.

**Free Trade Area:** A larger area of Europe, including the United Kingdom, Scandinavia, Austria, and Switzerland. These nations would associate with the Common Market nations in mutual reduction of tariffs and import quotas within Europe but not in maintaining a common tariff toward outside countries. The Free Trade Area is still only a proposal, and negotiations are being renewed after a suspension.

**G.A.T.T.:** General Agreement on Tariffs and Trade. The principal international agreement governing the conditions of world trade. It has 35 member nations (including the U.S.) which account for approximately 4/5 of all world trade. Changes by individual countries (or regions, like the Common Market) must be made within the ground rules specified by G.A.T.T. In general, the agreement facilitates a gradual reduction of world tariffs.

**O.T.C.:** Organization for Trade Cooperation. A proposed organization whose function would be to administer G.A.T.T. U.S. membership in O.T.C. is up for approval by Congress but faces strong opposition by groups opposed to lower tariffs.

**Reciprocal Trade Agreements Program:** A long-standing U.S. trade policy (authorized by Congress in the Reciprocal Trade Agreements Act, just renewed for four years) under which the U.S. negotiates mutual tariff reductions with other countries.

**Most Favored Nation Principle:** A trade policy followed by the U.S. (and other G.A.T.T. members) whereby it accords products of any nation with which it has an agreement just as favorable treatment, in terms of tariffs and quotas, as it accords any other nation—i.e., the treatment it accords "the most favored nation." (Here, as in the reciprocal trade program, Common Market will act as one nation in the future.)

**Dollar Area:** Nations using dollars as their chief currency in making international settlements. Roughly: The U.S., Canada, part of Latin America, and the Philippines.

**Sterling Area:** A group of countries with somewhat common economic policies which use the British pound sterling in settling accounts with one another and in carrying on most of their foreign business. Includes the British Commonwealth—except Canada—plus Burma, Iceland, Iraq, and Ireland.

**European Monetary Agreement:** Replaced European Payments Union as of Jan. 1, 1959. A system for intra-European settlements of trade balances by full payments at the end of each month in gold or dollars (which are recognized as the international standard). There also is some provision for short-term credits to countries in balance-of-payment difficulties. The credits come from a \$600 million fund, transferred from E.P.U. and including the original U.S. and Canadian contributions. This fund is a sort of central bank for Europe, settling balances and extending short-term credits to its members.

**International Monetary Fund:** A specialized agency of the United Nations set up to help stabilize exchange rates and provide short-term credits to countries in temporary balance of payments difficulties.

**Balance of Payments:** The summary of a nation's foreign transactions (exports, imports, services and also foreign investment) during a given period. If payments (as for imports) exceed receipts (as for exports), there must be a settlement through transfers of gold or internationally acceptable currency, or through borrowing from agencies such as the International Monetary Fund or European Monetary Agreement.

**Convertibility:** Literally, the right to exchange a currency at will for gold or any other currency. In a modified sense (and the sense that applies in all countries at present), a system under which the exchange can take place under certain conditions prescribed by the monetary authorities.

**Hard Currencies:** Those which are freely convertible. Until recently this included only a few, such as the dollar, Swiss franc and German mark. But most other European nations are now trying to maintain hard currencies as a matter of policy.

**Soft Currencies:** Not freely convertible. Until recently the French franc was notably "soft." So are most Latin American currencies.

**Gold and Dollar Reserves:** Gold and U. S. dollars held by the central bank of a nation as backing for its domestic currency and as a reserve to cover its balance of payments on foreign trade.

**Gold Flow (or Gold Loss):** The movement of gold from one nation to another, as the result of balance-of-payments

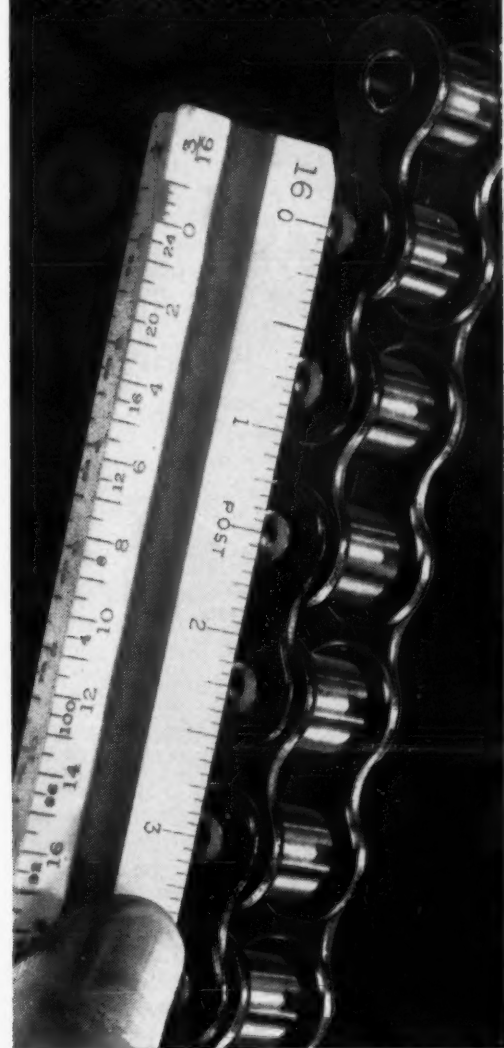
settlements—or, in unusual cases, because of a flight of capital. There have been rather large gold movements from the U. S. recently, largely for normal balance-of-payments reasons.

**Dollar Shortage:** A shortage of dollars for international trade and central bank reserves, which was a persistent feature of the early postwar period and resulted from the strength of U. S. exports and the inability of other nations to export in adequate quantity. This has been remedied to a large extent by a better balance in our exports and imports, and by U. S. contributions of dollars to the international payments organizations described above.

**Dollar Aid:** U. S. loans or grants of dollars, under any of several programs authorized by Congress, to finance trade and investment in nations that could not acquire sufficient dollars by means of their exports to the U. S.

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FOR HIGHER SPEEDS



With Rex Roller Chains you get highest fatigue strength for longest chain life...ability to handle heavier loads and higher speeds because these chains have the **PLUS VALUE—pitch control!** Every chain part carries its full share of the working load...no unequal loadings to cause fatigue failures. Each link is accurate...pitch is precisely controlled. Result: no chain fatigue! To find out how pitch control helps you,

See Your Rex Distributor or Write CHAIN BELT CO., 4702 W. Greenfield Ave., Milwaukee 1, Wis.

**REX®**  
ROLLER CHAINS

## DuPont of Canada Using Revised Purchase Form

**Montreal**—In the interest of saving paperwork, time, and money, DuPont of Canada announced this month a revised purchase order form.

The revision will "facilitate the integration of purchase data with a new system that allows rapid and accurate transfer of the data through the purchasing, receiving, and payment process," a letter to DuPont suppliers said.

DuPont henceforth will record specific prices and discounts on orders when they are written, instead of showing list price or list less discount. Also to keep form size and machine capacity within "reasonable limits," prices will be shown in dollars to the third decimal place by changing the pricing unit from, say, cents per pound to dollars per 100 pounds (for example: 5 3/4¢ per lb. will be shown as \$5.375 per 100 lb.)

Multiple discounts also will be shown in a combined figure as, for example,

26.38% if the quoted discount rate is less 22 1/2% and 5%.

As the system is developed, DuPont said, faster processing of the purchase forms should reduce the number of telephone and rush orders and allow "you adequate time for processing and delivery." DuPont also said the new system will shorten the time required by suppliers to check and process invoices, and reduce the need for multiple copies.

## France Imposes Laws On Dumping of Imports

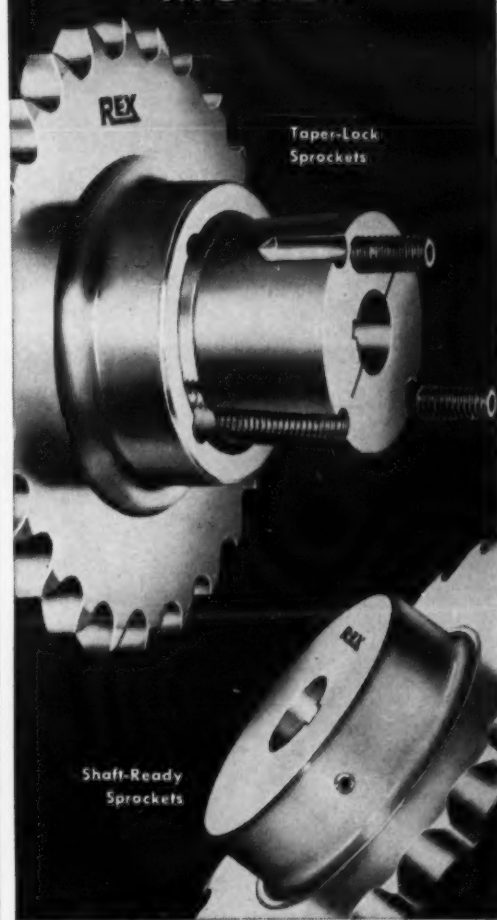
**Paris**—France has imposed anti-dumping legislation for the first time on imports which benefit from subsidies in the originating country.

Imports dumped on the French market at a price below the "fair commercial price" in the originating country also will face anti-dumping duties.

There may be some exceptions, but not for imports which run counter to French national production goals.

Another **PLUS** value...

**SAVE**  
TIME...  
MONEY

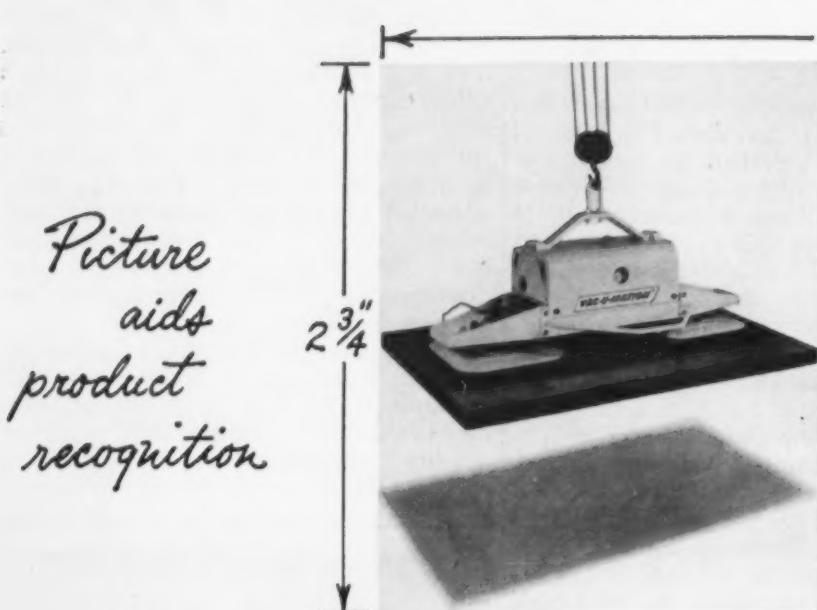


Rex Taper-Lock and Shaft-Ready Stock Sprockets can save you both time and money. **MONEY** because no boring, keyway or setscrew machining is required. **TIME** because they're ready on the shelf...no waiting for machining. Taper-Lock Sprocket and Bushing are easy to assemble and disassemble on the shaft. Shaft-Ready Sprockets, furnished complete with keyway, setscrew and finished bore, are lower in cost than any other type of sprocket. Complete range of sizes available.

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SPROCKETS





### Vacuum Lifter

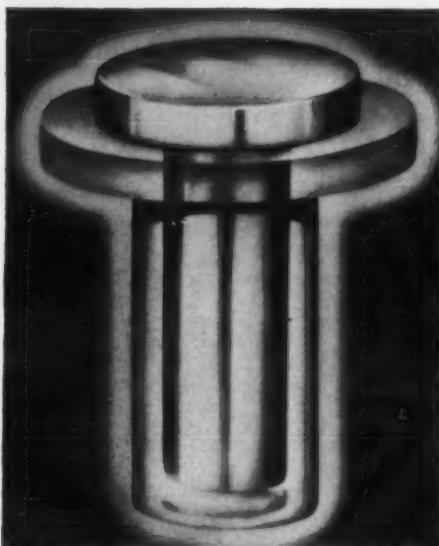
#### Lifts and Moves Steel

Square cup vacuum lifters lift and move steel and nonferrous plates. Unit has two 20-in. sq. vacuum cups, each with 400 sq. in. of lifting surface. At 10 psi., each cup has 4,000 lb. of lifting power. Pump and motor are self contained. Vacuum pump maintains a constant reserve of vacuum in the tank. Even an electrical failure will not permit the load to drop for a reasonable length of time, depending upon the condition of the material.

Price: \$1,650. Delivery: 3 wk.

Vac-U-Mation Division, F. J. Littell Machine Co., 4127 N. Ravenswood Ave., Chicago 13, Ill. (P.W., 2/2/59)

*Size permits you to paste on 3x5 card*  
*Copy gives only pertinent details, cuts your reading*  
*How much it costs and how soon you can get it*  
*You'll know when item appeared*



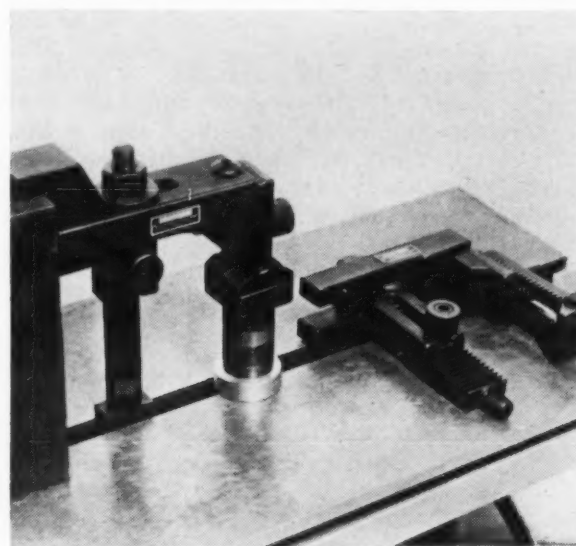
### Metal Rivets

#### Plastic Insulated

Insulets are plastic insulated metal rivets. Fasteners consist of metal rivets (aluminum, brass, steel). Shank and under-the-head surfaces are covered with a uniformly thick nylon insulation. Insulation extends slightly beyond the rivet's head circumference and the end of the rivet. Rivets are used in electrical or electronic applications where it's necessary to fasten two or more parts yet not have parts connected electrically.

Price: under \$10 (per thousand). Delivery: 3 wk.

Pylon Co., Attleboro, Mass. (P.W., 2/2/59)



### U-Clamps

#### Available as Starter Set

Starter set contains all parts needed to make up a clamp to suit any clamping range from 3/8 to 11 in. Set includes U-clamps in two adjustable ranges, extensions, and a gooseneck adapter. Both the bolt and the heel-block assemblies are adjustable.

Price: under \$60. Delivery: immediate.

Hi-Lo Products Co., 8817 Lyndon Ave., Detroit 38, Mich. (P.W., 2/2/59)



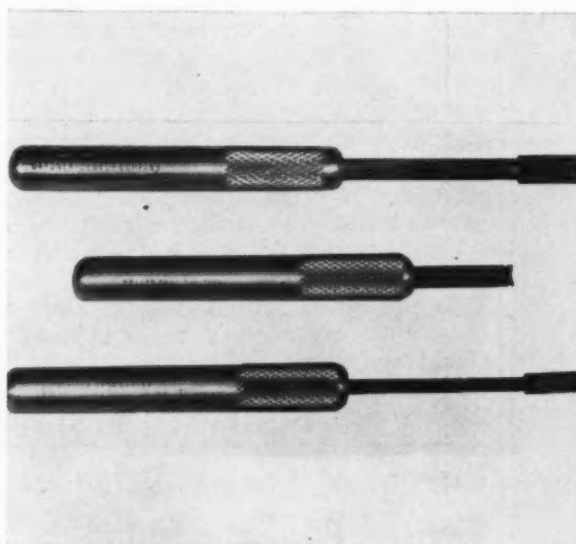
### Floor Cleaning Equipment

#### Filter Bag Arrangement

Floormobile floor cleaning equipment is a mobile suction cleaning machine. It cleans factory and warehouse floors without raising dust. It is designed to be used to maximum advantage in both open-floor or congested areas. Filters last long without cleaning. When cleaning is necessary, it can be done without removing filter from the machine. Litter-door nozzle opens by remote control so bulky trash can be sucked up easily.

Price: \$560 fob. Cambridge. Delivery: 10 days.

Handling Devices Co., 34 Concord Lane, Cambridge 38, Mass. (P.W., 2/2/59)



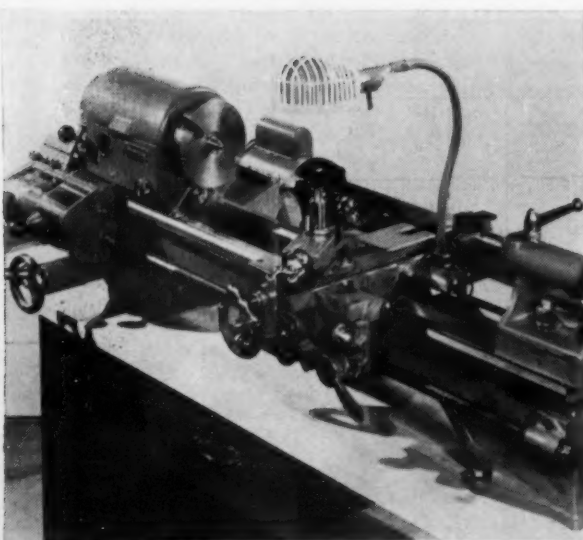
### Hand Wrapping Tools

#### Air, Electric Powered

Series of Wire-Wrap hand tools is used for wrapping and unwrapping solderless wrapped connections. Tools come in eight sizes with terminal hole diameters and depths to handle wire from 26 to 14 gage. Top and bottom tool is for wrapping; middle one for unwrapping.

Price: \$115 (air powered), \$125 (electric). Delivery: immediate.

Gardner - Denver Co., Quincy, Ill. (P.W., 2/2/59)



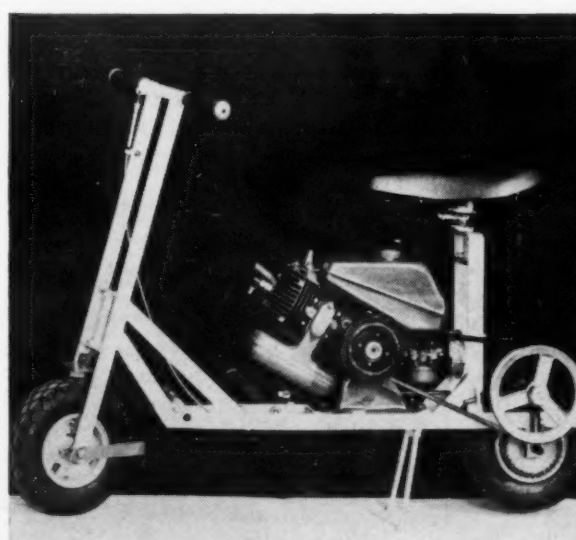
### Metal Lathe

#### Variable Speed Drive

Metal lathe does heavyduty work in metalworking shops, plant maintenance shops, tool rooms, and other industrial operations. The 10-in. metal-cutting lathe has a 3/4-in. collet capacity, obtained by using a 4-C style collet with a 1/8-in. hole through the spindle.

Price: under \$700. Delivery: immediate

Rockwell Mfg. Co., Delta Power Tool Division, Pittsburgh 8, Pa. (P.W., 2/2/59)



### Scooter

#### Carries 300 Lb. Loads

Super-Scooter is useful in plants to get around to scattered departments and plant buildings. It weighs only 55 lb. and is powered by a 2-cy., 2 1/2 hp. engine. It travels at 5 to 30 mph. with up to 100 miles on a gal. of gas. It is 22 in. in height, 12 in. in width, and 33 in. in length.

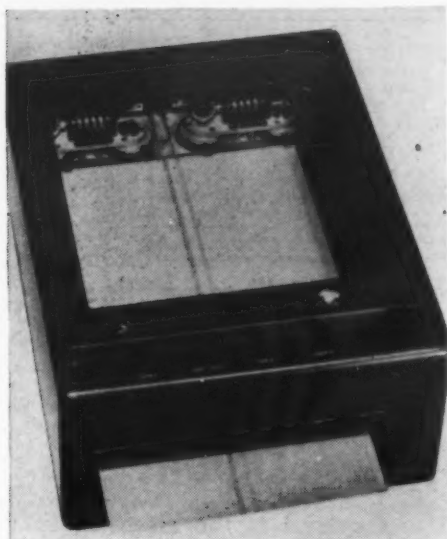
Price: \$149.95 fob. Louisville. Delivery: immediate.

Louisville Machinery & Welding Co., Louisville, Ky. (P.W., 2/2/59)



# New Products

Another PURCHASING WEEK service: Price and delivery data with each product description.

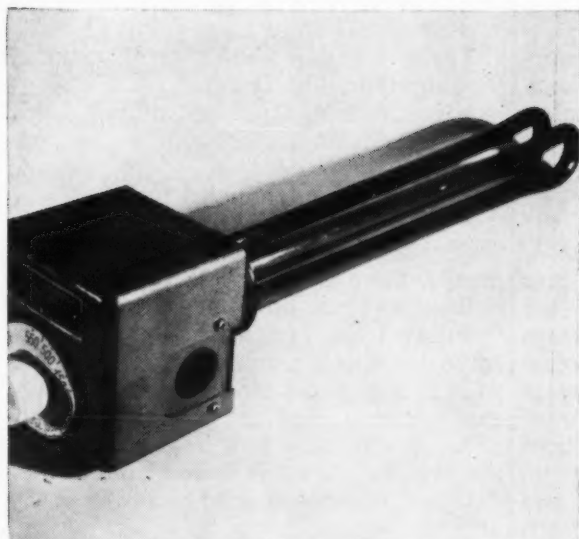


## Readout Recorder

### Monitors Any Servo System

Two-channel servo monitor simplifies data gathering. It provides permanent chart records of angular or displacement data of a servo transmitter. Monitor may be used for readout for analog computers, extremely high accuracy recording in research, servo recording, production testing, and inspection. High speed recorder has zero time flyback. Chart speeds are 5, 10, 20, 40, and 80 in. per hr. Electric recording is used on the instrument.

Price: \$1,350. Delivery: immediate. Brush Instruments, Division of Clevite Corp., 37th & Perkins Ave., Cleveland 14, Ohio (P.W., 2/2/59)



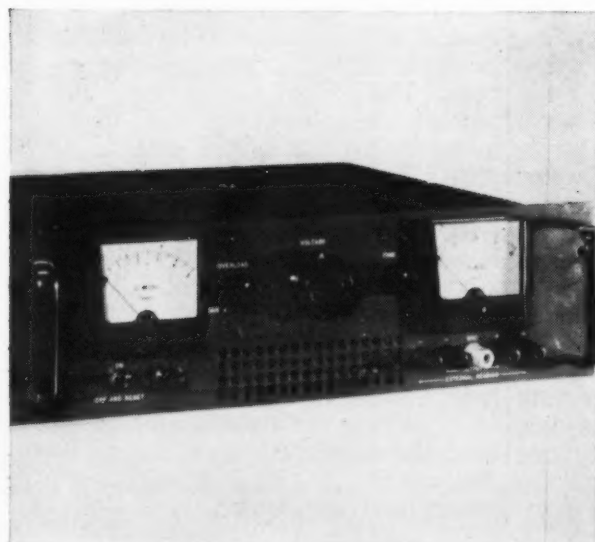
## Immersion Heaters

### For Water, Oil Solutions

Thermostatically - controlled immersion heaters heat water and oil solutions in humidifiers, quench tanks, fuel oil preheaters. Heaters have 2-in. headers. Over-all length ranges from 15 1/4 to 45 3/4 in. Heaters have copper sheathed heating element brazed into brass plug.

Price: \$55 to \$92. Delivery: immediate.

General Electric Co., Schenectady 5, N. Y. (P.W., 2/2/59)



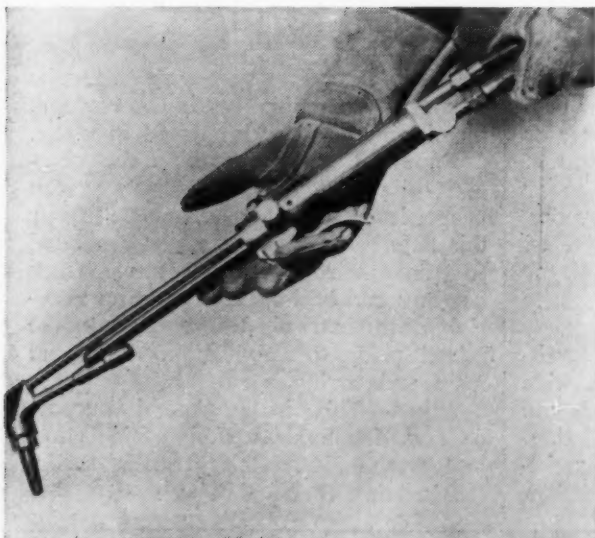
## Power Supply

### Accurate Regulation

Transistor power supply features stable output voltages from 0 to 36 v. dc. at 5 amp. continuous duty. Line and load regulation is better than 0.1% and output can be limited to any value from 0 to 5 amp. through a front panel selector.

Price: \$675 fob. Springfield. Delivery: immediate.

Mid-Eastern Electronics, Inc., 32 Commerce St., Springfield, N. J. (P.W., 2/2/59)



## Hand-Cutting Torches

### Injection Type

Airco 2,000 series hand-cutting torches are designed for use with propane and natural gas. "Ease-on" cutting oxygen valve allows smooth and gradual oxygen flow. Torch head is a machined silicon bronze forging. Brass gas tubes are in triangular arrangement for rigidity.

Price: \$51.50. Delivery: immediate.

Air Reduction Sales Co., 150 E. 42nd St., New York, N. Y. (P.W., 2/2/59)

## This Week's

# Product Perspective

FEBRUARY 2-8

Here are more new materials to add to your collection:

- **Decorative aluminum, called Spangle Sheet, emphasizes grain structure for decorative effect.** Large grains formed and etched into surface of aluminum sheet reflect light, contrast light and dark gray colors. Material is available either natural or colored in thicknesses from 0.032 in. to 0.100 in. (Aluminum Co. of America.)

- **King-size nylon cylinders are available.** Largest to date is a 16-in. dia. cylinder with 3-in. walls, 21 ft. long. Suggested use is as a cover for rollers used to emboss sheet materials. Other applications might be large journal bearings, tires for materials handling equipment, housings for circuit breakers. (Polymer Corp.)

- **Ion exchange resin can be used in removing traces of heavy metals from a wide range of product streams, and in separating heavy metals.** Called Dowex Chelating Resin A-1, it will remove traces of iron, copper, or zinc from concentrated solutions of alkali and alkaline earth metal salts. Also it can separate nickel from cobalt, and copper from nickel. (Dow Chemical Co.)

- **Tetrafluoroethylene (TFE) films can be sprayed on wood, plastics, other heat-sensitive materials.** New TFE dispersions, Emralon 310 and Emralon 320, make it possible. Previous TFE films could only be applied to materials capable of taking 700 F. sintering temperature. Chief use will be on products needing a slick non-stick coating. Dirt and grease will not stick to TFE. Film is applied with a spray gun. Emralon 310 needs up to 300 F. heat for curing; Emralon 320 cures at room temperature. Introductory packages for coating up to 5,000 sq. in. cost \$4.25. (Acheson Colloids Co.)

- **Centrifugally cast molybdenum represents a major breakthrough in the search for high-temperature materials.** Moly melts at about 4,750 F., far above most space-age metals. Researchers have cast 30 lb. of moly into a cylinder 4 1/2 in. dia. and 8 in. long. Previous fabrication of moly depended on metal powder techniques. Casting, when techniques are fully developed, should let fabricators make larger, more complex parts at lower costs. (Bureau of Mines, Department of Interior.)

- **New sandwich panel is formed by foaming polystyrene beads between sheet aluminum faces.** Besides providing rigidity to sandwich structure, the foamed plastic acts as an insulator. Westinghouse Electric Corp. is using the panels to make refrigerator boxes. Tooling costs are substantially less than for conventional refrigerators. Producer says panels up to 4 ft. wide and unlimited length will be made available. Thickness ranges from 1 to 6 in. (Aluminum Co. of America.)

- **Solder-type alloy in paint-on paste form is available for soldering stainless steels.** Alloy, StainTin 157-PA, is a finely powdered, silver-bearing tin composition suspended in a liquid flux. Deposits produce up to 15,000 psi. tensile strength depending on joint design. Solder resists oxidation. (Eutectic Welding Alloys Corp.)

- **Heat-sealable polyester film, vacuum metallized and bonded to a supporting scrim, is designed for barrier-material applications.** Material resists delamination caused by oils, greases, and volatile corrosion inhibitors when subjected to rough handling. Material comes in standard roll size 36 in. wide, 200 yd. long. (Minnesota Mining & Mfg. Co.)

- **Pickling compound comes as a dry powder.** When mixed with water in user's plant, compound will produce bright, smut-free surface. Pickle-lene 300 will remove rust, heat-treat scale, oxides, and brazing flux from steel. (Hanson-Van Winkle-Munning Co.)

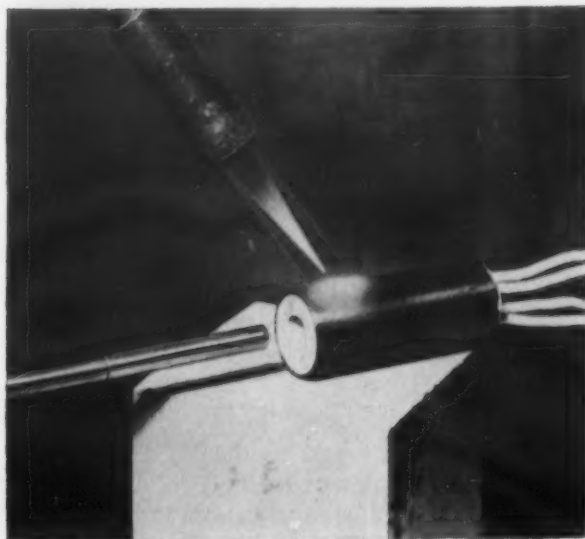
- **Extruded columbium tubing is now in commercial production.** Metal has high strength at high temperatures. Rod and tube sizes available: rod, 1/4 to 1 in. dia.; tube 1/2 to 1 in. O.D., 0.085 to 0.020 in. wall thickness. Both are available in lengths to 20 ft. (Wolverine Tube Div., Calumet & Hecla, Inc.)

- **New cellophane, designated PSD, transmits moisture but can be heat sealed.** Film is intended for use with hard-crust bread and rolls, pies, some varieties of doughnuts, and similar products. (E. I. du Pont de Nemours & Co., Inc.)



## Your Guide to New Products

(Continued from page 17)



### Transducers

Withstand 2,000 F.

High-temperature differential transformers are available for prototype and model evaluation. Wound on specifically designed ceramic bobbins, leads are terminated on lugs for secure connections. Lead-wires are supplied up to 3 ft. long.

Price: \$200 (one), about \$90 (lot of 10). Delivery: 6 to 8 wk.

Automatic Timing & Controls, Inc., King of Prussia, Pa. (P.W., 2/2/59)



### Zone Refiner

Purifies Organic Salts

Automatic, lab-bench zone refiner can be used to literally "freeze out" high-purity reagents from run-of-the-bottle chemicals. It will purify any material that melts between 50 and 300 C. Material to be purified is placed in a strong-walled glass tube, securely held by an adjustable mounting. Apparatus holds tubes from 4 mm. to 22 mm. in outside diameter, and can be modified to take capillaries. Operator can set the apparatus to make just one pass or to continue automatically.

Price: \$545. Delivery: immediate.

Fisher Scientific Co., Fisher Bldg., Pittsburgh 19, Pa. (P.W., 2/2/59)



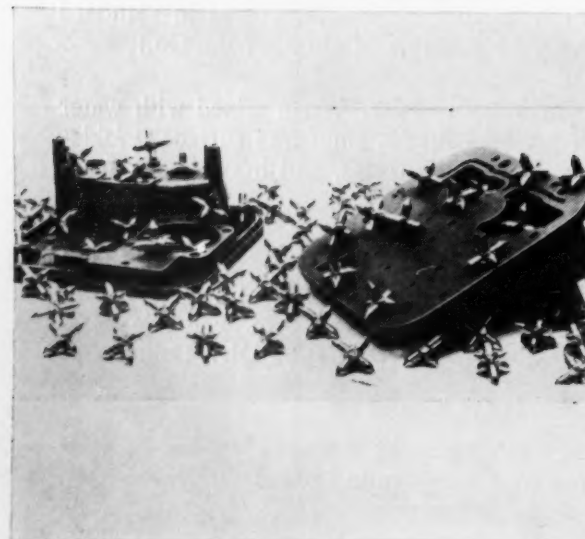
### Relief Valve

Protects Hot Water Lines

Model No. 494 relief valve protects hot water lines against excessive pressures or temperatures. Model is equipped with a fusible plug at the end of a 6-in. extension tube. Tube immerses the plug in tank's hottest water and offers relief as soon as temperature exceeds 210 F.

Price: \$2.40 each. Delivery: immediate.

Mansfield Sanitary, Inc., Perrysville, Ohio (P.W., 2/2/59)



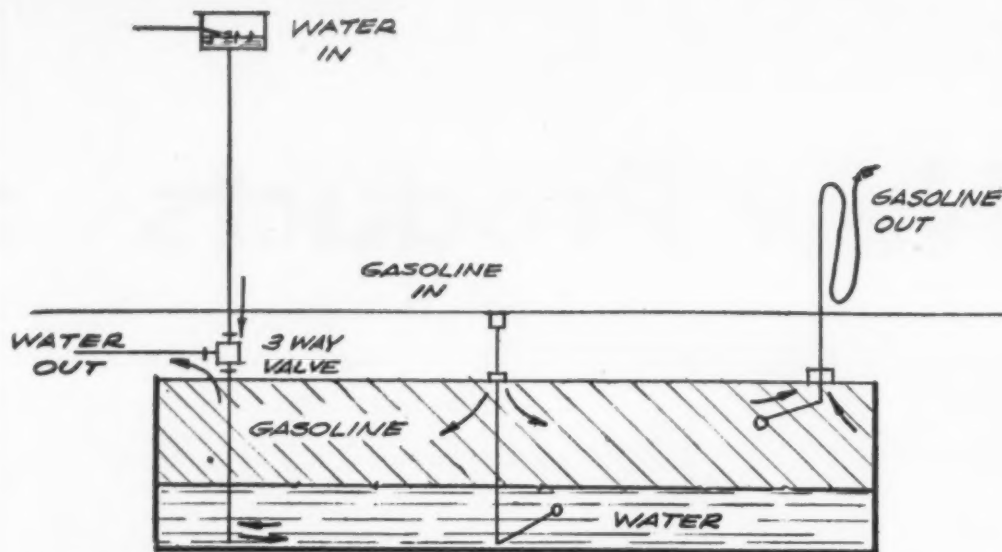
### Tumbling Media

Use with All Metals

Zinc Multi-Stars tumbling media is for use with all types of tumbling barrels and all types of metal, plastics, and rubber. Tumbling media is specifically designed for precision barrel finishing of intricate castings with odd shaped holes or recesses.

Price: 46¢ a lb. (100 lb. bags) fob. Elmira. Delivery: immediate.

BMT Mfg. Corp., 110-112 East Ninth St., Elmira Heights, N. Y. (P.W., 2/2/59)



No pumps are needed by this new system for handling gasoline.

## Oil and Water Won't Mix; So Pumps Aren't Needed for Handling Petroleum Liquids

Purchasing men with an interest in gasoline storage and dispensing systems might well find much of value in a pumpless method designed by Lyman W. Phillips, Petroleum Systems, Inc., Detroit. It's called the Hydraulic Flotation System.

The system is simply a method of storing and handling petroleum liquids, such as gasoline. It is based on two principles:

- Oil and water won't mix.
- Gasoline and similar hydrocarbons will float on top of water.

Gasoline "pumps" itself using the energy of water. Here's how it works:

A large underground gasoline storage tank is filled with gasoline. At the top of the tank is a delivery pipe which leads up to the ground level. Any gasoline wanted at ground level is delivered through this pipe.

Included in the tank is a pipe connected to an ordinary city water main. The pipe is called a "water leg" and stands vertically in the tank. When gas is needed, a valve is opened and water enters the underground gasoline storage tank through the water leg under city water pressure.

Following the principle — gasoline floats on the top of water — the gasoline is forced by the water through the delivery pipe and into the container, usually the gas tank on a vehicle.

To fill the storage tank, a valve is reversed; and as the gasoline enters, water is discharged from the tank.

Two separate float valves are used to:

1. Prevent gasoline from being drained into the city sewer system.
2. Prevent water from being discharged into the vehicle's gas tank.

The safety floats float only in water. When the water level in the storage tank approaches the level of the intake side of the delivery line, it automatically cuts off the flow of the chemical into the delivery line. When filling, a similar valve

keyed to the level of the discharge line prevents chemical from being discharged into the sewer. In addition, there is an automatic shut-off valve in the fill system which is set for the chemical capacity of the tank as well as an electric alarm located in the drain trap.

These are some advantages claimed for the Hydraulic System:

- No mechanical pumps of any kind.
- Safety from explosion.
- No evaporation loss.
- Clean, uncontaminated fuel.
- Tank cannot "float" out of ground.

Because there are no mechanical pumps, there is nothing to wear out and nothing to break down or go wrong.

Safety from explosion is assured because there is no air space in the tank, so it is impossible for gasoline to vaporize.

No evaporation loss is guaranteed as the gasoline always is sealed from air.

Clean, uncontaminated fuel is regularly offered because water and dirt always sink to the bottom of the underground storage tank. For the reason that the gasoline is always drawn from the top, the system must deliver clean fuel.

The tank cannot "float" out of the ground as the tank is always filled with gasoline, water, or a combination of both. The weight of the tank and its contents is always greater than the buoyancy exerted by the water in which it may be submerged.

Cost figures, based on gasoline service station experience show that a 6,000-gal. installation runs about twice the cost of a conventional pump installation; 10,000 gal., 40% more; break even point is about 50,000 gal. These are installation costs.

There are currently about 500 installations in the U. S., including many large scale military fuel handling setups. However, the company says the system handles any non-soluble item with a specific gravity less than water.

### Purchasing Week Definition

## Protective Coating Materials

**Phenolic**—Coatings have good acid resistance. Most common use is for protecting steel immersed in fresh water or exposed to high humidity conditions.

**Neoprene**—Elastomer resists many chemicals: mineral oil, grease, caustics, weak sulfuric acid, and many solvents. Material can be brushed, sprayed, or rolled on. It will operate satisfactorily up to 200 F.

**Vinyl**—Many formulations are available that adapt this material to a wide range of conditions. Vinyl coatings are tough, flexible, and resistant to oxidation.

**Chlorinated rubber**—Extreme resistance to acids and alkalis is the chief characteristic.

Excellent performance can be obtained from this coating on wood, metal, and masonry immersed in water.

**Epoxy**—Coatings combine the characteristics of chemical resistance with properties of baked-on enamels. There's this difference: epoxy can be formulated to cure at room temperature. Thick coatings can be built up. Coating material comes in two parts which must be mixed prior to application. Parts are resin and curing agent.

**Alkyd**—This is a general purpose coating. It offers fast drying, high gloss, and washability. Chief use is as interior paint. (P.W., 2/2/59)



## Profitable Reading for P.A.'s

### Planning Plants Abroad

**Production Costs Here and Abroad.** By Theodore R. Gates. Studies in Business Economics No. 61. Published by the National Industrial Conference Board, Inc., 460 Park Ave., New York 22, N. Y. 136 pp. Price: \$17.50 (\$3.50 for Conference Board Associates).

If your firm is one of the many just entering or considering entering production in a foreign country, this study may prove a great aid in helping you contribute to these plans. With the advent of the new European Common Market, many firms are now taking a second look at locating manufacturing branches abroad. When considering the costs of such a move, the purchasing executive's knowledge of materials and their prices, is a vital factor.

This study will give you the experience of over 500 U. S. firms operating manufacturing plants abroad. It presents 192 sets of comparable cost data from 20 foreign countries, and the why's of these price differentials.

The section on materials will be of particular interest to P.A.'s. It states, "32 of 40 American businessmen report that prices paid for the materials their plants consume, are higher abroad than they are at home." That's only one of the important and somewhat surprising results that this study can provide you with.

**"How to Lithograph Coated Offset Paper,"** a 68-page booklet designed to help P.A.'s select and use coated paper successfully, has been published. It is divided into 51 sections including a coated paper trouble chart for ready reference. It is illustrated with 45 pictures, diagrams and charts and keyed by both a table of contents and a 5-page index. Booklet is available from Kimberly-Clark Corp., Neenah, Wis.

**"Engineered Screw Machine Tooling Applications"** is title of 16 mm. color sound film which features 8 practical applications of the latest design automatic screw machines. Utilizing close-up views and slow motion, some of the sequences detail the relative position of tooling during close timing operations. Running time is 35 min. Film is

available from Brown & Sharpe Mfg. Co., Machine Tool Div., Providence 1, Rhode Island.

**New plastic material, Zerlon 150,** is described in technical bulletin. Booklet provides detailed information on the physical properties of Zerlon and offers suggestions about processing the material. Available from **Plastics Merchandising, Dow Chemical Co., Midland, Mich.**

**Molded fiberglass** and the methods used to produce it are described in 32-page brochure.

Illustrated with photographs, line sketches, and charts, the new catalog lists in detail the mechanical, electrical, and chemical properties of molded fiberglass. Copies can be obtained by writing **Molded Fiber Glass Co., 4826 Benefit Ave., Ashtabula, Ohio.**

**Unit-type air compressors** are described in 12-page Bulletin No. SG-2. Comprehensive specifications list cfm. displacements, pressures, weights, dimensions, and rpm. of the various models and sizes. Bulletin is available from **Sales Promotion Dept., Le Roi Div., Westinghouse Air Brake Co., Milwaukee 1, Wis.**

### Monsanto Converts Unit To Computer Control

**St. Louis—Monsanto Chemical Co.** will convert an existing chemical plant to a computer-controlled operation this year. Firm officials believe that the plant will be the first in the industry to use an electronic computer for direct, on-line control of the over-all process.

Monsanto did not disclose the plant or location. By using the computer, Monsanto expects to achieve maximum production from its plant investment at minimum operating cost.

Installation of the computer is

the result of a joint study by Monsanto's engineering unit and Thompson Ramo-Wooldridge Products Co., a division of Thompson Ramo-Wooldridge, Inc., Los Angeles.

### Opens Charlotte Office

**Charlotte, N. C.—**To consolidate sales in North and South Carolina I-T-E Circuit Breaker Co., Philadelphia, has opened a new office at Charlotte, N. C. The office replaces I-T-E's Columbia, S. C., district office. It also takes over sales of I-T-E products formerly handled by E. H. Gilliam Co., Charlotte representatives.

# 1959 Edition *NOW ON PRESS!*

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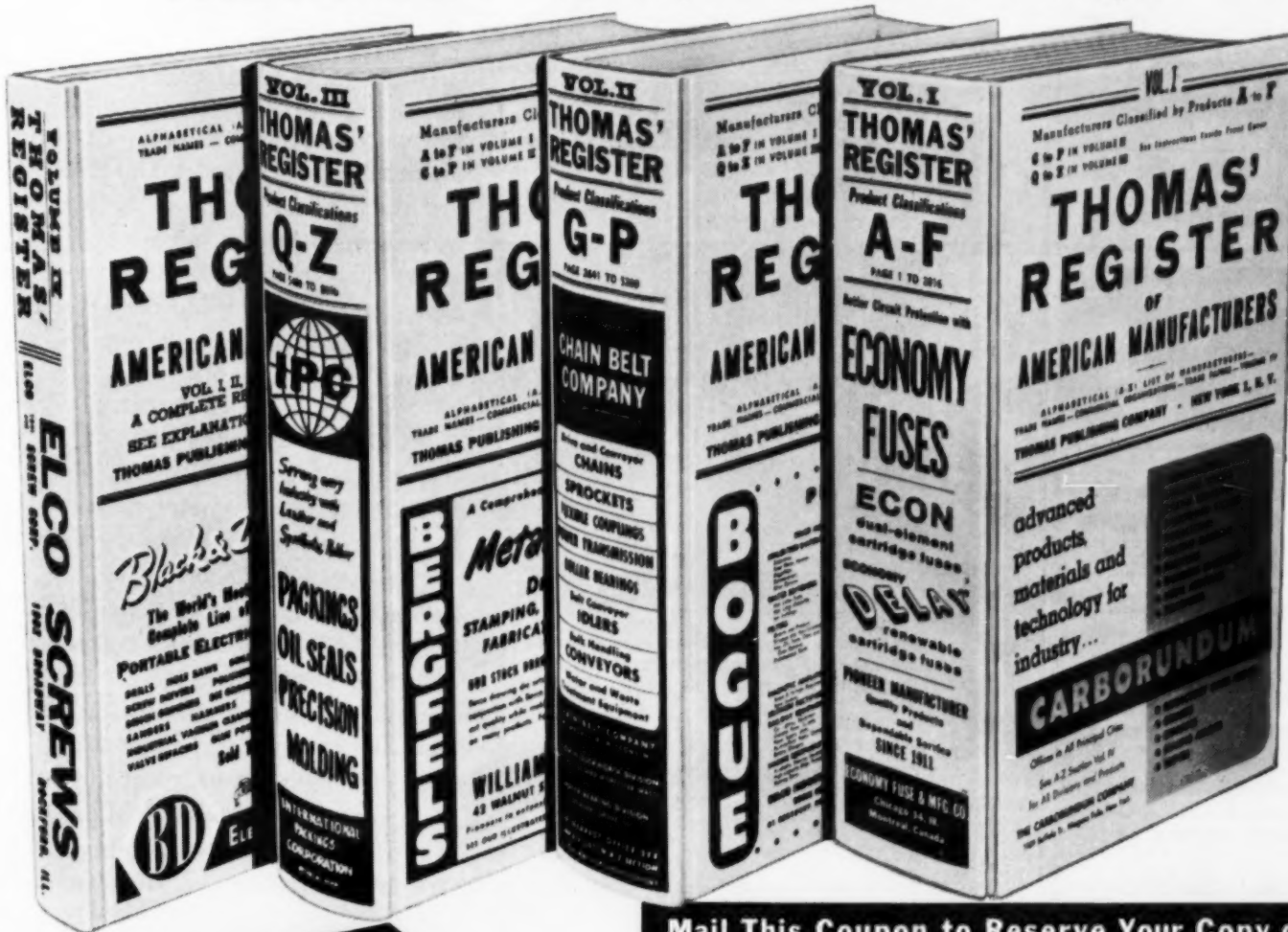
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## In the World of Sales

**Harold Brown**, formerly assistant manager of Technical Sales Service, has been made general sales manager for **Walworth Co.**, New York.

**James H. Dodge** has been promoted to sales manager of specialty steels by **Latrobe Steel Co.**, Latrobe, Pa.

**Norman L. Barr** has been appointed general sales manager for **Keasbey & Mattison Co.**,

Ambler, Pa. **James R. Feichel** succeeds him as general sales manager of the **Asbestos-Cement Pipe Division**.

**Walter F. Doring, Jr.**, has been appointed sales manager of **Charles Engelhard, Inc.**, East Newark, N. J. He joined the firm two years ago and had been company sales coordinator.

**Charles M. ToeLaer** has joined the **Hanovia Lamp Division**, **Engelhard Industries, Inc.**, New

York, as general sales manager. He formerly had been with **General Electric Co.** 18 years.

**C. Bernard Noelting** has moved up to general sales manager for **Faultless Caster Corp.**, Evansville, Ind. **John R. Stallings** and **Richard W. Butsch** have been named sales managers for the **Caster Division** and the **Furniture Hardware Division** respectively.

**James M. Doss** has been made assistant general sales manager (merchandizing) of the **Texas Co.'s** domestic sales department and will be located in the firm's executive offices in New York.

## Johns-Manville Expands Fiber Glass Subsidiary

**New York**—On the heels of the purchase of **L.O.F. Glass Fibers Co.**, **Johns-Manville Corp.** has announced plans for immediate expansion of the newly acquired facilities.

**Johns-Manville Fiber Glass, Inc.**, a wholly owned subsidiary, will add new machinery and equipment at the Waterville, Ohio, plant formerly owned by **L.O.F. Glass Fibers**. It also will double capacity at **Corona, Calif.**, and **Defiance, Ohio**, plants.

**Johns-Manville's** acquisition

of **L.O.F.** gives **J.-M.** seven more plants and a research center. The company aims for sales totaling \$40 million in 1959.

## Stran-Steel Buys Firm Plans Plant Expansion

**Houston, Texas**—**Stran-Steel Corp.'s** purchase of **Metallic Building Co.** means expansion of **Metallic's** plant, new line of products, and more jobs.

**Stran-Steel** has plans to expand **Metallic's** facility by 25,000 sq. ft. The acquisition of **Metallic** also will make the firm more competitive in the Latin American market.

## PURCHASING WEEK

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February 2, 1959

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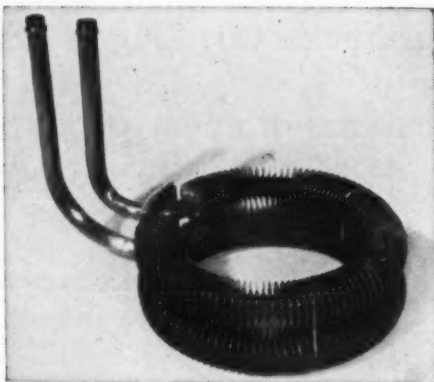
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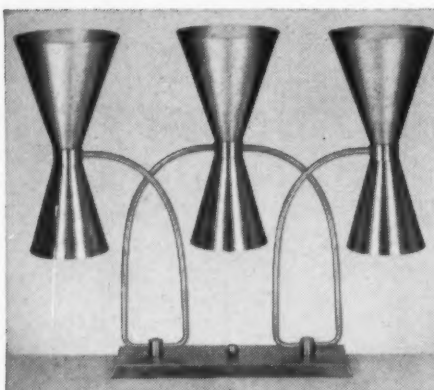
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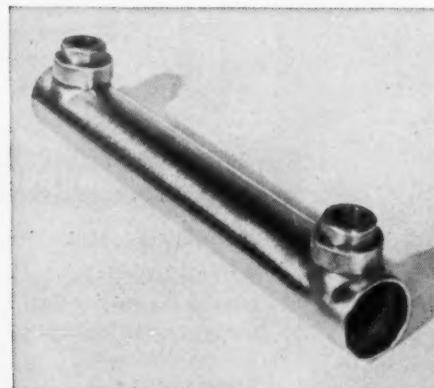
Reporting New Developments in Copper-Brass Alloys and Metalworking Methods



Conductivity and fast, low-cost fabrication are important qualities Bridgeport tube supplies for parts like this finned copper tube defroster coil.



High quality surface finish and easy workability are specified—and supplied by Bridgeport—in tube used in modern lamps like these.



Ease of fabrication, heat conductivity and corrosion resistance make copper tube the ideal choice for parts like this automatic transmission cooling unit.

## WHY IT PAYS TO FABRICATE WITH BRIDGEPORT SEAMLESS TUBE

Bridgeport brass and copper seamless tube is an unusually versatile metal form which has a host of qualities, characteristics and uses few other metals can provide. Used in lamps, andirons, automotive parts, cooling units, furniture and other items, it fills a wide range of product and production requirements.

### Why Seamless Tube?

Fabricators select Bridgeport Seamless Tube for many reasons. Its beauty and warmth lend much to the appeal of consumer products, for example. And its corrosion resistance and rustproofness make it desirable where other metals fail. Another important plus factor of seamless tube is its easy workability. Machining, bending, forming, cutting and cupping all are easier. Its wonderfully smooth surface finish simplifies polishing and plating. Close OD, ID and wall-thickness tolerances are maintained. This simplifies fabricating, keeps costs down and insures more uniform end products.

### Economy...

In addition to the fabrication savings mentioned, additional economies are realized with Bridgeport

Seamless Tube because it is produced in long lengths to insure uninterrupted production runs.

### Characteristics...

Still another advantage is the wide range of characteristics available. You can specify combinations of mechanical, physical and fabrication properties as well as tempers to suit every need.

### And Quality...

Made in one of the country's most modern tube mills, Bridgeport tubes are checked and inspected at every stage of manufacture to assure adherence to specifications. Bridgeport's other tests cover surface finish, interior strength, accuracy of gage and diameter, chemical analysis, strain, expansion and microstructure.

### Find Out More

...about Bridgeport Seamless Tube in a wide range of brass or copper alloys for use in fabricating. Our Technical Service Men can help you solve application problems. Just call your nearest Bridgeport Sales Office, or, if you prefer, write direct to Bridgeport Brass Company, Bridgeport 2, Connecticut, Dept. 3413.



## Customers Balk At Price Jumps

(Continued from page 1)  
way on Capitol Hill. (see page 1.)

The price study was undertaken by the Bureau of Labor Statistics at the request of Sen. Paul Douglas (D-Ill.), a professional economist and the new chairman of the joint committee. His committee may undertake the biggest inflation investigation of them all.

The B.L.S. study covers the period 1946-57 and includes an examination of price changes for 1,789 commodities in the bureau's Wholesale Price Index. These are the prices that are of importance to purchasing agents, dealing with large lot purchases in primary markets.

The B.L.S. project is an update of a landmark investigation conducted for Congress in 1935 by price specialist Dr. Gardiner Means. This was the famous study which first introduced the concept of "administered prices" by showing the growing inflexibility of prices.

### Acceleration of Trend

The new B.L.S. study shows an acceleration of this trend in the postwar period with the majority of commodities moving, when they did, upward and downward together in price.

The new study shows a general shift to fewer price changes for most commodities. Furthermore, of the same commodities covered by means in his original study, approximately one-third that had had significantly high price flexibility shifted to lower flexibility, while only one-sixth showed more flexibility.

In the Means' study, approximately 46% of the commodities had eight or less fewer changes in the three-year period studied. In the B.L.S. study about two-thirds of the commodities changed eight or less times.

At the other extreme, while Means showed some 21% of the commodities covered changed practically every month, only a little less than 7% now did so.

And of those commodities which changed frequently in price, most of them were in the foods, apparel and raw material sector. The study concludes that the further along the stage of fabrication, the greater the inflexibility of price.

### Price Fixing Gets Set Back in Great Britain

(Continued from page 1)  
is in the public interest. The Lancashire yarn spinners argued that their agreement was "stabilization" in an erratic industry rather than a "restriction."

The association also contended that without the agreement, heavier unemployment would hit the already ailing cotton industry.

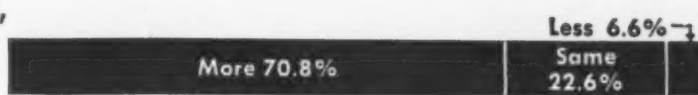
In reaching its decision, the court said the unemployment argument was outweighed by the fact that the industry is running only at 70% of capacity, asserting that "excess capacity in any industry means short working time and idle plant." The agreement was condemned on grounds that the minimum price fixed by the spinners was too high and would effect high cotton prices and a possible loss of export trade.

## Most P.A.'s Expect Prices to Inch Upwards in Next 6 Months

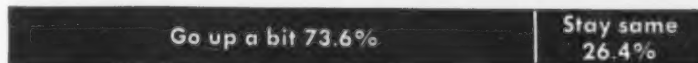
### Purchasing Men Report on Price Situation

As compared with a year ago,

they say they are paying ...



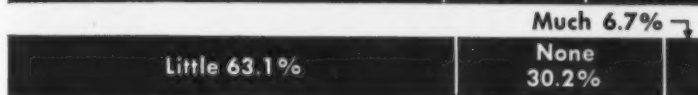
They expect prices to ...



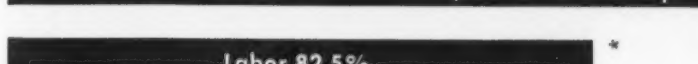
They believe prevalence of discounting will ...



As for hedge buying, they are doing ...



They believe inflation is caused by ...



\*Total exceeds 100% because many gave more than one reason.



## 'Buy American' Act Arouses Foreign Firms

(Continued from page 1)

million contract to an American firm.

The low bidder, Britain's English Electric Co. Ltd., objects to the ruling which handed the contract for two hydraulic power generators for an Army Engineers' multi-purpose dam at Greer's Ferry, Ark., to Baldwin-Lima-Hamilton Co., Eddystone, Pa. The British bid was approximately 19% under Baldwin-Lima's.

The Buy American Act provides that domestic bidders get a 6% differential—or 12% if the company is in an economically distressed geographical area—or special consideration if the domestic company is essential to the national defense program.

How much the buying restrictions imposed by the act cost the government are not easily determined. Unofficial estimates range well up into the millions. The price difference on the Greer's Ferry contract alone, for example, amounted to \$300,000.

Hoegh based his ruling on national defense. Without the Greer's Ferry contract, he said, Baldwin-Lima would go out of business. Baldwin-Lima is necessary to defense, Hoegh ruled, because its plant contains certain super-large machine tools, called "elephant tools."

Foreign electrical equipment firms, led by English Electric, are fighting the decision. British ambassador Sir Harold Caccia has filed a protest with the State Department. Some Congressmen also are up in arms, citing statements attributed to Rep. Hugh Scott (R.-Pa.) during the campaign last fall indicating the White House had assured him Baldwin would get the contract.

The British call the protectionist argument absurd, asserting that Great Britain's National Coal Board has been a big customer of Baldwin-Lima for earth-moving equipment.

This is part of an old battle be-

tween domestic electrical equipment makers and foreign competitors for the U.S. market, largely comprised of government power projects. General Electric Co. and the National Association of Electrical Manufacturers has pending at O.C.D.M. a petition for a ruling that all heavy electrical equipment including hydraulic turbines (which G.E. does not make), be ruled defense-essential, and that competing imports be drastically curbed or banned altogether on those grounds.

This ruling, separate from the

Greer's Ferry case, is expected to be handed down late in February or early in March.

The State Department also is involved in other key buy American contests. Foreign suppliers of office machinery and equipment have complained that the Post Office is favoring domestic firms on grounds they need the business, without bothering to request a buy American or defense-essentiality ruling. The Post Office Department denies this, says it has not shut foreign bidders out of its contract bidding.

## Defense Purchasing Policies Hit; Negotiated Contracts Condemned

(Continued from page 1)  
is done by negotiated contracts, Douglas said as he cited a newly released study by the House Committee on Governmental Operations.

"If any city administration in the country did its buying this way, it would be accused of dishonesty and political favoritism," Douglas declared.

Maurice H. Stans, Director of the Budget, told Douglas he would study the situation to see if savings could be effected.

The general purpose of the hearings was to look into the business outlook for 1959 as seen in President Eisenhower's budget and economic message to congress.

### Critical of Inflation Stress

Douglas and other Democrats were sharply critical of the Administration for stressing the dangers of inflation instead of worrying about unemployment and the slow rate of economic growth in recent years.

Douglas set the tone for fellow Democrats by saying there should be more to government economic policy than a desire to hold prices stable. In particular, he said the Administration should

be worrying about the slow pace of production gains.

There's too much stress in the economic message on inflation and too placid an attitude toward "virtual stagnation of production," Douglas said.

A consistent theme with Democrats was that Eisenhower is overstating the danger from inflation.

Actually, prices have been relatively stable now for two years, Douglas and others pointed out. Democrats are using Eisenhower's own economic report to sustain their case. They cite a special study in the report which states that prices at the consumer level rose only 2% since the recession began in 1957, and that most of this was due to food.

"Prices of manufactured products, with the major exception of new and used automobiles, were reasonably stable," the report says.

Democrats are also attacking Eisenhower emphasis on rising wages as a prime cause of price increases. The real culprits, Sen. Estes Kefauver (D.-Tenn.) told the Senate, are the big corporations in concentrated industries such as steel and autos.

(Continued from page 1)

finished items. Identical questions were asked on each group.

The results confirm what many price indexes have been indicating for some time: Prices of semi-finished and finished goods have tended to go up slightly more than raw material quotations over the past year.

Thus regarding the more finished type of item, the survey shows that 77% of the replying P.A.'s say prices are above a year ago. That's somewhat above the 65% figure reported for raw materials.

The drops in some of the key sensitive commodities during the recent recession probably lie behind these percentages. They helped keep average raw material price hikes below finished goods boosts. Some items, like nonferrous metals, for example, suffered considerable setbacks in the first half of '58—from which they have not yet fully recovered.

### May Show Changes

It's likely that a survey taken later this year, say mid 1959, would show a change in these percentages. Sensitive material prices usually tend to rise faster than finished goods in a recovery period such as we're in now.

One possible element, however, may tend to keep finished goods prices in rising trend, too. That's the fact that finished goods have a higher percentage of high-cost labor built into their price—making them more prone to cost-push inflation.

This latter point would fit in with P.A.'s feeling that labor is perhaps the key factor to be reckoned with in searching out the causes of inflation.

### Labor Hikes Scored

An overwhelming 85% mentioned soaring labor costs as an inflationary factor. It was by far the most significant percentage in the entire survey.

Other causes also got considerable attention. More than half of the P.A.'s interviewed thought that the higher material costs of their suppliers are also contributing to the upward price trend.

The problem of rising freight costs also came in for some comment. The words "transportation" and "freight" often appeared as a "write-in" on ballots in answer to the PURCHASING WEEK query on inflation causes.

The fact that several purchasing executives took the time and effort to insert this price factor is particularly significant. Probably had a specific check box labeled, "transportation," been provided (as was done for labor and materials), a higher tally for this specific inflation factor might have been racked up.

A scattering of replies mentioned these other factors as tending to boost prices: unofficial supplier agreements to keep production and price under control; foreign market manipulation; direct and indirect taxes; profit squeeze; and the trend towards smaller shipments.

On the subject of hedge buying a surprising number of purchasing executives admitted that they used this technique to cut costs and increased buying efficiency. Some of the implications of this are discussed in the Price Perspective (page 2).





C. M. BROWNFIELD, Mallinckrodt Chemical Works, left, gets the close attention of R. E. Bauman, center, Standard Oil Co. of Indiana; and A. M. Eggeman, Rexall Drug Co.



FOURSOME consists of R. J. Cosgrove, left, Dawe's Labs.; Charles Schneider, Fisher Scientific Co.; Tom Lavinder, T.V.A.; S. F. Ochsenreiter, Fisher Scientific Co.



COFFEE BREAK brings together R. G. Weigel, left, Eli Lilly Co.; L. H. Ouren, Corn States Laboratories (Eli Lilly); and Lester E. Davis of Pitman Moore Co.

## Chem Buyers Want Suppliers' Technical Aid

Chicago—Chemical P.A.'s attending this year's buyers group meetings look for closer technical cooperation with suppliers to pay off in more product value.

That chemical buyers expect to keep a short rein on inventories, anticipate continued firm prices, and plan to expand value analysis and foreign buying this year also were evident at the Chicago phase of the annual N.A.P.A. session Jan. 23.

Reciprocity (it's a "pain-in-the-neck but we live with it") and finding buyer personnel qualified to deal with highly technical sales representatives also provided between-the-speeches conversation emphasis.

The same problems, but with an eastern tinge, were expected to crop up again at tomorrow's New York re-run of the mid-western program. Both sessions were built on the theme of "challenging the future."

The Chicago discussion of how to generate more value from suppliers found most of the forward thinking centering on a freer exchange between buyer and supplier for mutually greater profit. This was especially noticeable regarding research and development where greater freedom was urged.

"The amount of research untapped from our suppliers is significant," Abbott Labs' purchasing manager, G. F. Swanson, declared. He told how Abbott invites individual suppliers for day-long sessions to exchange information, providing the buyer an opportunity to give the manufacturer a better idea of the potential market for his new prod-

uct. It works in reverse, too, giving the buyer a fuller concept of future products.

Value analysis has become a popular chemical buyer tool and appears destined for even greater use. International Minerals & Chemical will kick off a "purchase for profit" program in March, a project designed to make buyers more conscious of their responsibility in corporate profits. As in other recent chemical industry discussions, some P.A.'s criticized supplier sales personnel for not alerting them sooner or at all to significant economies available in the use of lower rated grades, and conversely the advantage frequently inherent in super quality grade chemicals.

Better value from improving contract negotiations also drew

significant comment from P.A.'s.

A. T. Bogen, Jr., Chemstrand Corp.'s engineering superintendent, cited examples of how a probing economic evaluation of a supplier's operation develops into effective contract negotiation tools. These consist of estimates of a supplier's manufacturing cost summary, his sales price summary, and the sale price variation curve.

"Armed with a realistic approximation of the supplier's costs and profit margin and his own knowledge of general market conditions," Bogen said, "the purchasing director can approach contract negotiations with a far better understanding of the limits within which he can negotiate and the minimum price that will be acceptable to both himself and the supplier."

## Price Changes for P.A.'s

**Heating Oils**—A boost of  $\frac{1}{2}\phi$  a gal. puts Gulf Coast No. 2 fuel oil upward from  $9\frac{3}{4}\phi$  a gal.

Midcontinent tags of No. 2 heating oil for northern shipment are up  $\frac{1}{4}\phi$  a gal. to  $10\phi$  a gal. No. 1 fuel oil is now quoted at  $10\frac{3}{4}\phi$  a gal. and kerosene is up  $\frac{1}{4}\phi$  a gal. to  $11\phi$  a gal.

Certain producers have also boosted No. 6 fuel oil price \$2 a bbl. It puts No. 6 fuel oil price for northern shipment upwards from \$1.80 a bbl.

Esso Standard Oil Co. has boosted tags of No. 4 and 5 fuel oils by  $10\phi$  a bbl. New price at New York harbor is \$3.42 a bbl.

for No. 4 fuel in barges, while No. 5 fuel goes to \$2.94 a bbl.

**Naphthalene**—Tags of industrial liquid refined naphthalene have been reduced  $2\phi$  a lb. to  $9\frac{3}{4}\phi$  a lb.

**Copper**—Custom smelters have again boosted copper prices by  $\frac{1}{2}\phi$  a lb. It puts their price at  $30\phi$  a lb.,  $1\phi$  a lb. above the producer's price. Stronger foreign copper prices are partially responsible.

**Tin Oxide**—Prices of tin oxide are up  $1\frac{1}{2}\phi$  a lb. New quote for 400-lb. bbl. is up to \$1.075 a lb. Tags of 100-lb. drum lots are \$1.085 a lb.

**Crude Oil**—Declines of  $7\phi$  a bbl. have cut tags of Texas and New Mexico crude oil to \$3.01 a bbl.

**Oiticica Oil**—Prices of oiticica oil are up  $\frac{1}{2}\phi$  a lb. to  $18\phi$  a lb. Decreased Brazilian supplies are reported responsible.

**Lead Oxide**—Lower lead prices have dropped tags of lead oxide. Carlot and less carlot prices for dried red lead are  $14\frac{1}{4}\phi$  and  $15\frac{1}{4}\phi$  a lb. respectively. Litharge is now  $13\frac{3}{4}\phi$  to  $14\frac{3}{4}\phi$  a lb., and orange mineral is quoted at  $16\frac{3}{5}\phi$  to  $17\frac{3}{5}\phi$  a lb.

**Menthol**—Natural Brazilian menthol in large crystal form has been cut  $5\phi$  a lb. to \$5.25 a lb.

—This Week's—

## Purchasing Perspective

FEB. 2-8

(Continued from page 1)

and some of the still expensive so-called "fringe" issues such as shorter work weeks, job security, and unemployment benefits. These all provide possible compromise areas which could avoid work stoppages, if not increased labor costs.

**But don't expect any labor leader to talk down the wage boost goal.** Building Trades Chief Richard Gray (now on his way out) tried it back in 1957 when he told an A.F.L.-C.I.O. convention he thought Eisenhower then had a good idea—keeping wage increases no larger than productivity increases. Gray's statement stood just about as long as it took him to take his seat, by which time A.F.L.-C.I.O. chiefs were issuing "clarifying" statements squelching Gray completely.

**Where do the nation's money managers stand in the current anti-inflation discussion?** The President of the Federal Reserve Bank of New York, Alfred Hayes, says his colleagues would prefer to spend less time worrying about price stability and devote more effort to promoting economic growth. While conceding the present near-term outlook for price stability, the Fed sees the "seeds of renewed upward (price) pressures" evident in:

- Increased liquidity in the economy.
- Continuing threat of further upward cost-price adjustments.
- National budget-balancing difficulties.
- Prevalence of inflation psychology and apprehensions abroad about dollar stability.

**TRENDS: Steel orders now are considerably ahead of production.** Lead time has been stretched out considerably, according to on-the-spot reports from mills. Many order deadlines for April delivery already have passed . . . **Fears of an oil industry strike faded when the Oil, Chemical & Atomic Workers Union accepted a 5% wage boost** (about half the original and long-standing demand) . . . **Rubber industry is rosily predicting its best year in history**, confidently banking on auto industry demand and technological benefits. Firestone pushes commercial production of two new products—coral (a natural rubber replacement) and diene (a partial substitute) . . . **One of the biggest problems facing chemical buyers (and P.A.'s in other industries as well) may not have been answered in the current Chicago-New York buyers group sessions:** how to keep up with and track of the never-ending rapid run of new developments and products.

## Most Industries Hit by Floods, Back

(Continued from page 1)

three days or more with production in some spots still hampered early last week. Transportation also was affected.

Some of the casualties included Allegheny Ludlum, Crucible Steel, Wheeling Steel, Sharon Steel, Armco, Republic, and Youngstown Sheet & Tube. Other firms reporting production losses in western Pennsylvania included Shenango Furnace, National Malleable Steel Castings, Champion de Arment Tool, Wheat-

land Tube, Johnson Bronze, Dossert Co., Shenango China, New Castle Refractories, Pennsylvania Engineering, New Castle Chemical, and Braeburn Alloy Steel.

Ohio Brass, Ford's Sharonville transmission plant, Cooper-Bessemer Corp., and United Engineering & Foundry at Youngstown were among numerous Ohio firms reporting damage affecting production. Western New York industrial areas also were hit.

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In Canada: Safety Supply Co., Toronto



## Purchasing Gets Packaging Ideas, But It Takes Good P.A. to Sift Them

**Balkema, Colgate-Palmolive Co., Stresses Need For Technical Knowledge at New York Conference**

**New York**—A vast majority of all packaging ideas arrive through the purchasing department. But it takes a P.A. with some packaging knowledge to sift out those with potential.

E. H. Balkema, purchasing director at Colgate-Palmolive Co., took that point of view in discussing the packaging role of purchasing executives during a special plastic packaging conference here Jan. 21-23. Balkema, along with George W. Aljian, purchasing and packaging director for California and Hawaiian Sugar Refining Corp. at San Francisco, represented purchasing on the planning council of the A.M.A.-sponsored meeting.

"A purchasing agent needs technical knowledge today in order to listen and talk intelligently with salesmen about packaging materials," Balkema said. "Here is where the abundance of packaging ideas can be developed."

He said one of the best places for a P.A. to collect the necessary technical information was at such conferences as the New York meeting and the National Packaging Exposition in Chicago next April 13-17.

### Moves to Hand Problem to P.A.

Others at the conference noted recent moves to place the entire packaging responsibility in the lap of purchasing. They cited several examples, the most recent being at Armour & Co. in Chicago.

Armour has just consolidated all its packaging activities into a new package development and design department under the supervision of C. V. Short, purchasing division general manager.

As for the meeting itself, it opened with a panel discussion on "new materials for new packages." It was pointed out that the past few years has seen the plastics industry turning out potential packaging materials almost faster than industry has been able to find uses for them.

This has resulted in a competitive scramble among most plastics producers for markets, with all envisioning a billion-pound packaging potential for their product. Some of the newer materials up for discussion were:

**Polypropylene Film:** tough enough to package tools, yet has the clarity of cellophane. Price is expected to settle at 5-6¢ a lb. below polyethylene in a few years.

**Bi-axially Oriented Polystyrene:** plastic film with unmatched clarity that should be commercially available by the end of 1959. It is water-repellent, grease-resistant, and odorless.

**Nylon Film:** This is now being test-marketed by the oil industry for the feasibility of packaging motor oil in nylon bags. Price range for the film is \$1.85 to \$2 a lb.

Speakers noted that the biggest problem facing plastics producers today is not over-capacity or stiff competition, but rather the need for better fabrication machinery and lower cost processing techniques.

This was emphasized by Charles W. Kaufman, director of research and development for the National Dairy Products Corp., Glenview, Ill. He said the greatest economies from plastic packaging will come when better machines and methods are developed to handle the materials.

## U.S. Rejects Red Bid To Buy Steel Piping

**Washington**—A Russian bid to buy 12,000 tons of steel pipe line has been rejected for security reasons. The proposed deal received some public attention during the visit of Soviet Deputy Premier Anastas Mikoyan.

Applications for export licenses on the pipe were turned down routinely about a month ago under the Commerce Department's security export control policy. The pipe involved was more than 24 in. in diameter, a size category specifically included on the so-called "positive" list of items seldom approved

for shipment to any Iron Curtain buyer.

The order was said to have called for buying the pipe at current market prices at approximately \$200 per ton for a total \$2.5 million deal.

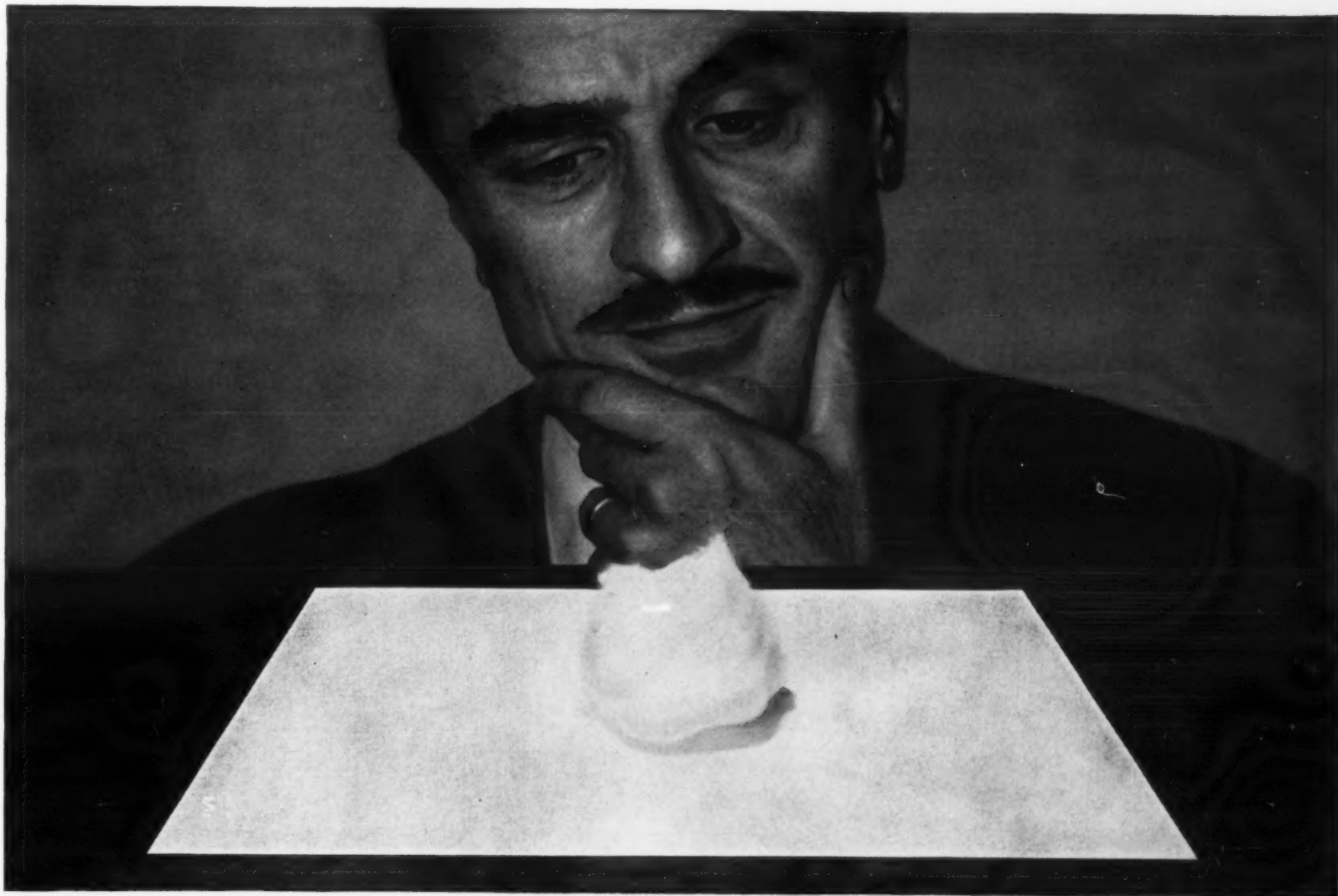
The Soviets apparently still hope to get some oil line pipe from the U. S., however. Various traders have queried the Commerce Department about applying for similar licenses to ship it. Those applications will not necessarily be rejected if the shipments do not violate the security control policy.

## 9th Annual Iron & Steel Conference Scheduled

**Pittsburgh, Pa.**—Latest techniques and equipment in the iron and steel industry will be featured in discussions at the 9th Annual Iron & Steel Conference scheduled here March 11 and 12.

Leading steel and iron authorities will present provocative papers ranging from air proportioning tuyere flow control to the introduction of computer control for open hearth furnaces. The two-day conference is co-sponsored by the Pittsburgh Section and Metals & Ceramics Industry Division of the Instrument Society of America.

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